

LEGISLATIVE COMMITTEE MINUTES

**SB113**

# Bill as Introduced

SB 113-FN-A-LOCAL - AS INTRODUCED

2015 SESSION

15-0614  
08/10

SENATE BILL

***113-FN-A-LOCAL***

AN ACT relative to video lottery and table gaming.

SPONSORS: Sen. D'Allesandro, Dist 20; Sen. Hosmer, Dist 7; Sen. Soucy, Dist 18; Sen. Morse, Dist 22; Sen. Woodburn, Dist 1; Sen. Stiles, Dist 24; Sen. Lasky, Dist 13; Rep. Gionet, Graf 5; Rep. Rogers, Merr 28; Rep. Hinch, Hills 21; Rep. Azarian, Rock 8; Rep. Estevez, Hills 37

COMMITTEE: Ways and Means

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ANALYSIS

This bill:

I. Establishes the gaming commission and places the lottery commission and racing and charitable gaming commission under its jurisdiction as separate divisions.

II. Allows for the selection and operation of 2 casinos in New Hampshire, including the operation of video slot machines and table games.

III. Establishes the gaming enforcement unit in the division of state police.

IV. Distributes proceeds from gross slot machine income and gross table game income to reimburse the gaming regulatory oversight authority for certain expenses and to pay for the operation of the gaming commission.

V. Distributes a percentage of proceeds from gross slot machine revenue and gross table game revenue to the host community, those communities abutting the host community, the host county, the department of health and human services to support addiction programs to cities and towns under the revenue sharing agreement, and the gaming regulatory fund.

VI. Establishes the gaming regulatory fund.

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Explanation: Matter added to current law appears in ***bold italics***.  
Matter removed from current law appears ~~in brackets and struck through.~~  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.



1 provisions of this chapter are designed to extend strict regulation to all persons, locations, practices  
2 and associations related to the operation of a licensed gaming location and all providers of goods and  
3 services to a gaming licensee. In addition, comprehensive regulatory and law enforcement  
4 supervision attendant thereto is further designed to contribute to the public confidence and trust in  
5 the efficacy and integrity of the regulatory process. To the same end, upgraded regulation of existing  
6 gaming, appropriate to the scale of such gaming, will be necessary.

7 VIII. Legalized commercial gaming in New Hampshire can attain, maintain and retain  
8 integrity, public confidence and trust, and remain compatible with the general public interest, only  
9 under a system of control and regulation that, so far as practicable, ensures the exclusion from  
10 participation therein of a person with a known criminal record, habits or associations and the  
11 exclusion or removal from any positions of authority or responsibility within the gaming operation of  
12 a person known to be so deficient in business probity, ability, or experience, either generally or with  
13 specific reference to gaming, as to create or enhance the dangers of unsound, unfair, or illegal  
14 practices, methods, and activities in the conduct of gaming or the carrying on of business and  
15 financial arrangements incident thereto.

16 IX. Since the public has a vital interest in any commercial gaming operation in New Hampshire  
17 sanctioned by passage of this chapter, participation in gaming operations as a gaming licensee, principal  
18 licensee, key employee licensee, gaming employee registrant, non-gaming employee permittee, gaming  
19 vendor licensee, non-gaming vendor registrant or any other authorization under this chapter shall be  
20 deemed a revocable privilege conditioned upon the proper and continued qualification of the licensee,  
21 registrant or permittee and on the proper and continuing discharge of the affirmative responsibility of  
22 each to provide regulatory and investigatory authorities established by this chapter with any assistance  
23 and information necessary to assure that the policies declared by this chapter are achieved. Consistent  
24 with this policy, it is the intent of this chapter to preclude the creation of any property or vested right in  
25 any license, registration, permit, or other authorization issued pursuant to this chapter.

26 X. The authorization of expanded gaming in New Hampshire, and the continued  
27 authorization of charitable and other gaming in New Hampshire, requires the state to take steps to  
28 increase awareness of compulsive and problem gambling and to develop and implement effective  
29 strategies for prevention, assessment, and treatment of these behaviors.

30 XI. Research indicates that for some individuals compulsive and problem gambling and drug  
31 and alcohol addiction are related. Therefore, the general court intends to establish an approach to  
32 compulsive and problem gambling prevention, assessment, and treatment that will ensure the  
33 provision of adequate resources to identify, assess, and treat both compulsive and problem gambling  
34 and drug and alcohol addiction.

35 284-B:2 Definitions. In this chapter:

36 I. "Affiliate" means a person who directly or indirectly through one or more intermediaries,  
37 controls, is controlled by, or is under common control with, a specified person.

1           II. "Applicant" means a person who has applied for a license, registration, permit, or other  
2 form of authorization to engage in activity that is regulated under this chapter.

3           III. "Associated equipment" means equipment, a system, software, or mechanical,  
4 electromechanical, or electronic contrivance or component used in connection with the operation of a  
5 slot machine or table game or the reporting and calculation of slot machine or table game revenue  
6 including, but not limited to, a central computer system, a slot machine data system, a casino  
7 management system, a gaming ticket system, promotional play system, player tracking system,  
8 ticket redemption unit, automated jackpot payout machine, external bonusing system, cashless  
9 wagering system, a progressive controller, systems and devices for weighing and counting money,  
10 replacement parts, or any other equipment, system, or software designated by the commission.

11           IV. "Cash" means United States currency and coin, or foreign currency and coin that have  
12 been exchanged for its equivalent in United States currency and coin.

13           V. "Cash equivalent" means:

14           (a) Certified check, cashiers check, treasurer's check, recognized travelers check, or  
15 recognized money order that:

16                 (1) Is made payable to a gaming licensee where presented, a holding company of a  
17 gaming licensee, "bearer," or "cash";

18                 (2) Is dated, but not postdated; and

19                 (3) Does not contain any endorsement.

20           (b) Certified check, cashiers check, treasurer's check, or recognized money order that:

21                 (1) Is made payable to the presenting player;

22                 (2) Is endorsed in blank by the presenting player;

23                 (3) Is dated but not postdated; and

24                 (4) Does not contain any endorsement other than that of the presenting player.

25           (c) Recognized credit card or debit card presented by a player in accordance with the  
26 rules of the commission.

27           (d) Any other instrument that the commission deems to be a cash equivalent, provided,  
28 however, that an instrument payable to a third party shall not be considered a cash equivalent.

29           VI. "Cashable promotional credit" means a credit or other electronic thing of value on a slot  
30 machine or electronic table game that activates play and is convertible to cash at the conclusion of play.

31           VII. "Cashless wagering system" means the collective hardware, software, communications  
32 technology, and other ancillary equipment used to facilitate a method of wagering and accounting in  
33 which the validity and value of a wager, not including a ticket, are determined, monitored, and  
34 retained for an individual by an electronic system operated and maintained by a gaming licensee  
35 that records each transaction involving each wager in a wagering account, separate from the slot  
36 machine or table game or device on which the wager is made, including electronic systems which  
37 facilitate electronic transfers of money directly to or from a slot machine or table game.

1 VIII. "Casino management system" means the collective hardware, software, communications  
2 technology, and other ancillary equipment used to collect, monitor, interpret, analyze, report, and audit  
3 data with regard to activity at a slot machine including slot machine level accounting transactions, player  
4 tracking, and productivity analysis.

5 IX. "Central computer system" means a central monitor and control system acquired and  
6 operated by the commission and connected to, and communicating with, a slot machine for purposes  
7 of information retrieval, retrieval of slot machine win and loss determinations, and programs to  
8 activate and disable slot machines.

9 X. "Chair" means the chair of the New Hampshire gaming commission.

10 XI. "Commission" or "gaming commission" or "New Hampshire gaming commission" means  
11 the New Hampshire gaming commission established in RSA 284-B:3.

12 XII. "Complimentary services" means any lodging, service, or item which:

13 (a) Is offered by a gaming licensee directly or indirectly to a player at no cost or at a  
14 reduced cost and is not generally available to the public.

15 (b) "Complimentary services" shall not include noncashable credits issued to a player as  
16 part of a player incentive or reward program or lodging available to the public through convention or  
17 government rates.

18 XIII. "Count room" means an area within a gaming location approved by the commission  
19 specifically designated, designed, and used for counting the contents of table game drop boxes, slot  
20 machine cash storage boxes, and such other activities as the commission shall deem appropriate.

21 XIV. "Credit" means the direct or indirect extension by a gaming licensee of unsecured funds  
22 to a player to facilitate play at a slot machine or table game in accordance with this chapter.

23 XV. "External bonusing system" means the collective hardware, software, communications  
24 technology, and other ancillary equipment used in conjunction with a slot machine to deliver  
25 randomly selected player incentives in the form of credits to an active slot machine player and to  
26 effect the accurate metering of a bonus award event on a slot machine.

27 XVI. "Game" means a slot machine or table game determined by the commission to be  
28 compatible with the public interest and to be suitable for use by players.

29 XVII. "Gaming" means dealing, operating, carrying on, conducting, maintaining, or exposing  
30 a game for compensation.

31 XVIII. "Gaming applicant" means a person who has applied to the commission for a gaming  
32 license pursuant to this chapter.

33 XIX. "Gaming employee" means an individual, not otherwise included in the definition of a key  
34 employee, who is employed by a gaming applicant or gaming licensee, and whose employment duties and  
35 responsibilities involve the operation of, accounting and auditing related to, security and surveillance  
36 over, or the maintenance, servicing, or repair of, slot machines or table games. Such employees shall  
37 include, but not be limited to, dealers, floorpersons, boxmen, slot machine personnel, slot machine

1 technicians, count room and cashiers' cage personnel, security and surveillance personnel, information  
2 technology department personnel, employees responsible for handling assets and proceeds associated  
3 with the operation of a gaming location, a host or other individual authorized to extend complimentary  
4 services or promotional play and an individual who, in the judgment of the commission, so regularly is  
5 required to work in a restricted area that registration as a gaming employee is appropriate. The term  
6 may include an employee of a person holding a gaming vendor license whose duties regularly involve the  
7 installation, maintenance, or repair of slot machines, associated equipment or table game devices where  
8 the commission determines a gaming employee license for such an individual to be consistent with the  
9 policies of this chapter. The term shall not include an employee that provides security services in a  
10 gaming location other than on the gaming floor or in a restricted area, bartenders, cocktail servers, or  
11 other persons engaged solely in preparing or serving food or beverages, clerical or secretarial personnel,  
12 parking attendants, janitorial, stage, sound, and light technicians and other non-gaming employees so  
13 designated by the commission.

14 XX. "Gaming equipment" means a collective reference to slot machines, associated  
15 equipment and table game devices.

16 XXI. "Gaming floor" means the area within a gaming location authorized by the commission  
17 for the operation of slot machines and table games.

18 XXII. "Gaming license" means a license issued by the commission authorizing a gaming  
19 licensee to operate slot machines and table games at a gaming location pursuant to this chapter.

20 XXIII. "Gaming licensee" means a person that has been awarded and issued a license by the  
21 commission to possess, conduct, and operate slot machines and table games at a gaming location  
22 pursuant to this chapter.

23 XXIV. "Gaming location" means the collective land, buildings, and structures at which a  
24 gaming licensee is authorized by the commission to place and operate slot machines and table games  
25 under this chapter and includes the gaming floor, restricted areas and all non-gaming structures  
26 and amenities including a hotel, catering or room service operations serving a hotel, convention,  
27 meeting and multipurpose facilities, retail facilities, food and beverage outlets, parking structures  
28 and lots, and other amenities and activities not located on or adjacent to the gaming floor or related  
29 to gaming operations.

30 XXV. "Gaming ticket system" means the collective hardware, software, communications  
31 technology, and other ancillary equipment used in conjunction with a slot machine to facilitate the  
32 issuance or redemption of a ticket.

33 XXVI. "Gaming vendor" means, subject to a classification system to be prescribed in  
34 accordance with RSA 284-B:25:

35 (a) A management company as defined in this chapter.

36 (b) A person providing goods and services directly related to gaming including, but not  
37 limited to, a person that designs, manufactures, builds or rebuilds, programs, distributes, installs, or



1 modifies a slot machine, associated equipment or gaming table device for sale or lease to a gaming  
2 licensee for use in operating slot machines or table games in accordance with this chapter or such  
3 other person as the commission shall designate.

4 (c) A person providing goods and services ancillary to gaming including, but not limited  
5 to, a junket enterprise, junket representative, a person employed by a junket enterprise or junket  
6 representative in a managerial or supervisory position, a person with an ownership or financial  
7 interest in a gaming location not required to qualify for licensure in accordance with RSA 284-B:17,  
8 VII, a licenser of an authorized game or such other person as the commission shall designate.

9 XXVII. "Gross slot machine revenue" means the total of:

10 (a) Cash or cash equivalent wagers received by a slot machine minus the total of:

11 (1) Cash or cash equivalents paid out to players as a result of playing a slot machine,  
12 whether paid manually or paid out by the slot machine;

13 (2) Cash or cash equivalents paid to purchase an annuity to fund a prize payable to  
14 player over a period of time as a result of playing a slot machine; and

15 (3) The actual cost paid by a gaming licensee for any merchandise or other non-cash  
16 prize distributed to a player as a result of playing a slot machine. This does not include travel  
17 expenses, food, refreshments, lodging, or services conferred as part of a promotion or as a  
18 complimentary service.

19 (b) Contest or tournament fees or payments, including entry fees and administrative  
20 fees, imposed by a gaming licensee to participate in a slot machine contest or tournament, less cash  
21 paid or actual costs paid by a gaming licensee for prizes awarded to contest or tournament winners.

22 (c) Gross slot machine revenue shall not include;

23 (1) Counterfeit currency;

24 (2) Currency of other countries received in the playing of a slot machine except to the  
25 extent that the currency is readily convertible to cash; and

26 (3) Cash taken in a fraudulent act perpetrated against a gaming licensee for which  
27 the gaming licensee is not reimbursed.

28 (d) A noncashable promotional credit shall be excluded from the calculation of gross slot  
29 machine revenue.

30 XXVIII. "Gross table game revenue" means the total of:

31 (a) Cash or cash equivalent wagers received in the playing of a table game minus the total of:

32 (1) Cash or cash equivalents paid to players as a result of playing a table game;

33 (2) Cash or cash equivalents paid to purchase an annuity to fund a prize payable to a  
34 player over a period of time as a result of playing a table game; and

35 (3) The actual cost paid by a gaming licensee for any merchandise or other non-cash  
36 prize distributed to a player as a result of playing a table game. This shall not include travel expenses,  
37 food, refreshments, lodging, or services conferred as part of a promotion or as a complimentary service.

1 (b) Contest or tournament fees or payments, including entry fees, buy-ins, re-buys, and  
2 administrative fees, imposed by a gaming licensee to participate in a table game contest or  
3 tournament, less cash paid or actual costs paid by a gaming licensee for prizes awarded to contest or  
4 tournament winners.

5 (c) The total amount of rake collected by a gaming licensee.

6 (d) Gross table game revenue shall not include;

7 (1) Counterfeit cash or chips;

8 (2) Currency of other countries received in the playing of a table game, except to the  
9 extent that the coin or currency are readily convertible to cash; and

10 (3) Cash taken in a fraudulent act perpetrated against a gaming licensee for which  
11 the gaming licensee is not reimbursed.

12 (e) A noncashable promotional credit shall be excluded from the calculation of gross  
13 table game revenue.

14 XXIX. "Holding company" means a corporation, limited liability company, association, firm,  
15 partnership, trust, or other form of business organization, other than an individual, which directly or  
16 indirectly owns, has the power or right to control, or has the power to vote a significant part of the  
17 outstanding voting securities of a corporation or any other form of business organization which is a  
18 gaming applicant or gaming license pursuant to this chapter provided, however, that a "holding  
19 company", in addition to any other reasonable use of the term, shall be construed as indirectly  
20 holding or owning any such power, right, or security if it does so through an interest in a subsidiary  
21 or any successive subsidiaries, notwithstanding how many such subsidiaries may intervene between  
22 the holding company and a gaming applicant or gaming licensee.

23 XXX. "Host community" means a municipality in which a gaming location is located or in  
24 which a gaming applicant has proposed locating a gaming location.

25 XXXI. "Impacted live entertainment venue" means a not-for-profit or municipally-owned  
26 performance venue located in New Hampshire and operating at the time this chapter takes effect  
27 that is designed in whole or in part for the presentation of live concerts, comedy or theatrical  
28 performances, which the commission determines experiences, or is likely to experience, a negative  
29 impact from the development or operation of a licensee live entertainment venue at a gaming  
30 location.

31 XXXII. "Immediate family" means an individual's spouse, domestic partner, partner in a  
32 civil union, child, parent, or sibling, whether by the whole or half blood, by marriage, adoption, or  
33 natural relationship, residing in the same household.

34 XXXIII. "Independent testing laboratory" means a person engaged in the testing and  
35 certification of slot machines and the equipment, systems, and software utilized to collect, monitor,  
36 interpret, analyze, authorize, issue, redeem, report, and audit data with regard to activity at slot  
37 machines and electronic table games.

1 XXXIV. "Institutional investor" means any of the following entities having an ownership  
2 interest in a gaming applicant, gaming licensee, or gaming location: a corporation, bank, insurance  
3 company, pension fund or pension fund trust, retirement fund, including funds administered by a  
4 public agency, employees' profit-sharing fund or employees' profit-sharing trust, an association  
5 engaged, as a substantial part of its business or operation, in purchasing or holding securities, or any  
6 trust in respect of which a bank is a trustee or co-trustee, investment company registered under the  
7 federal Investment Company Act of 1940, collective investment trust organized by banks under part  
8 9 of the Rules of the Comptroller of Currency, closed end investment trust, chartered or licensed life  
9 insurance company or property and casualty insurance company, investment advisor registered  
10 under the federal Investment Advisers Act of 1940, and such other persons as the commission may  
11 reasonably determine to qualify as an institutional investor for the purposes of this chapter.

12 XXXV. "Intermediary company" means a corporation, association, firm, partnership, trust,  
13 or other form of business organization, other than an individual, which is a holding company with  
14 respect to a corporation or other form of business organization which is a gaming applicant or  
15 gaming licensee and is a subsidiary with respect to a holding company.

16 XXXVI. "Jackpot" means any cash, cash equivalent, ticket, annuity, or merchandise to be  
17 paid to a player as a result of a specific combination of characters on a slot machine.

18 XXXVII. "Junket" means an arrangement intended to induce a person to come to a gaming  
19 location to gamble, where the person is selected or approved for participation on the basis of the  
20 person's ability to satisfy a financial qualification obligation related to the person's ability or  
21 willingness to gamble or on any other basis related to the person's propensity to gamble and  
22 pursuant to which and as consideration for which, any of the cost of transportation, food, lodging,  
23 and entertainment for the person is directly or indirectly paid by a gaming licensee or an affiliate of  
24 the gaming licensee.

25 XXXVIII. "Junket enterprise" means a person, other than a gaming applicant or gaming  
26 licensee, who employs or otherwise engages the services of a junket representative in connection with a  
27 junket to a licensed gaming location, regardless of whether or not those activities occur within the state.

28 XXXIX. "Junket representative" means a person who negotiates the terms of, or engages in  
29 the referral, procurement or selection of persons who may participate in, a junket to a gaming  
30 location, regardless of whether or not those activities occur within the state.

31 XL. "Key employee" means any individual employed by a gaming applicant, gaming licensee, or  
32 holding, intermediary, or subsidiary company required to qualify in accordance with 284-B:17, VII in a  
33 director or department head capacity and who is authorized to make discretionary decisions that regulate  
34 or affect slot machine and/or table game operations, including, but not limited to, a general manager,  
35 assistant manager, shift managers, director of slot machine operations, director of table game operations,  
36 pit boss, director of finance, comptroller, cashiers' cage manager and shift supervisor, director of internal  
37 audit, director of surveillance, director of security, director of marketing, director of information

1 technology, director of food and beverage and any employee who supervises the operations of these  
2 departments or to whom these department directors or department heads report, and such other  
3 positions which the commission shall designate for reasons consistent with the policies of this chapter.

4 XLI. "Licensee live entertainment venue" means any indoor space at a gaming location designed  
5 principally for the purpose of the presentation of live concerts, comedy or theatrical performances;  
6 provided that this definition shall not include any space the principal purpose of which is the sale of food  
7 or beverage, including any restaurant or bar holding an on-premises liquor license pursuant to RSA 178.

8 XLII. "Management company" means a person, subject to a commission approved  
9 management contract with a gaming licensee, that is responsible for the management of all or part  
10 of the operation of a gaming floor.

11 XLIII. "Management contract" means a contract, subcontract, or collateral agreement  
12 between a management company and a gaming licensee providing for the management of all or part  
13 of a gaming floor.

14 XLIV. "Major policymaking position" means the executive director of the gaming control division,  
15 any individual who reports directly to the executive director of the gaming control division, the director of  
16 problem gambling and research, and any other individual so designated by the commission.

17 XLV. "Minimum theoretical payout percentage" means the total value of jackpots expected  
18 to be paid by a slot machine divided by the total value of slot machine wagers expected to be made on  
19 that slot machine during a game cycle calculated in accordance with rules adopted by the  
20 commission consistent with this chapter.

21 XLVI. "Money" means cash or instruments that are convertible to cash in any negotiable currency.

22 XLVII. "Multi-casino progressive system" means a system approved by the commission  
23 pursuant to which a common progressive jackpot is offered on slot machines that are interconnected  
24 in more than one casino within or outside the state.

25 XLVIII. "Noncashable promotional credit" means a credit or other electronic thing of value  
26 utilized to play a slot machine or electronic table game that activates play but is not convertible to  
27 cash at the conclusion of play.

28 XLIX. "Non-gaming employee" means an individual, not otherwise included in the definition  
29 of a key employee or gaming employee, who is employed by a gaming applicant or gaming licensee to  
30 include an employee providing security services in a gaming location other than on the gaming floor  
31 or in a restricted area, a bartender, cocktail server or other person engaged solely in preparing or  
32 serving food or beverages, clerical or secretarial personnel, a parking attendant, a janitorial, stage,  
33 sound and light technician, or other employee so designated by the commission.

34 L. "Non-gaming vendor" means a person providing goods and services not included in the  
35 definition of a gaming vendor including, but not limited to, construction companies, vending machine  
36 providers, linen suppliers, garbage handlers, maintenance companies, limousine services, food  
37 purveyors or suppliers of alcoholic beverages.

1           LI. "Officer" means the chief executive officer, chief financial officer, chief operating officer,  
2 chief information officer, chief compliance officer, and chief legal officer of a corporation, or their  
3 equivalents in any unincorporated entity.

4           LII. "Person" means an individual, limited liability company, proprietorship, firm,  
5 partnership, joint venture, syndicate, business trust, labor organization, company, corporation,  
6 association, committee, government entity, or other legal entity.

7           LIII. "Player" means an individual who plays a slot machine or a table game at a gaming  
8 location licensed by the commission.

9           LIV. "Player tracking system" means the collective hardware, software, communications  
10 technology, and other ancillary equipment used to collect, monitor, interpret, analyze, authorize, report  
11 and audit data with regard to player activity generally or on an individual basis at a slot machine.

12           LV. "Principal" means a person associated with a gaming applicant or gaming licensee  
13 required to be qualified for licensure in accordance with RSA 284-B:17, VII in conjunction with a  
14 gaming license application and includes the following persons:

15               (a) An officer or director of a gaming applicant or gaming licensee.

16               (b) A person, including a shareholder, general partner, limited partner, or member or  
17 manager of a limited liability company who directly or indirectly holds more than 5 percent of a legal  
18 or beneficial interest in, or ownership of the securities of, a gaming applicant or gaming licensee.

19               (c) A person who has a controlling interest in a gaming applicant or gaming licensee.

20               (d) A person who has the ability to elect one or more members of the board of directors of  
21 a gaming applicant or gaming licensee or to otherwise manage, control, influence, or affect a gaming  
22 applicant or gaming licensee.

23               (e) A person who is a lender or other licensed financial institution of a gaming applicant  
24 or gaming licensee, other than a bank or lending institution which makes a loan or holds a mortgage  
25 or other lien acquired in the ordinary course of business.

26               (f) An institutional investor who directly or indirectly holds more than 5 percent of a legal or  
27 beneficial interest in, or ownership of the securities of, a gaming applicant or gaming licensee.

28               (g) An underwriter of a gaming applicant or gaming licensee.

29               (h) A person with an ownership or financial interest in a gaming location required to be  
30 qualified for licensure in accordance with this chapter in conjunction with a gaming license application.

31               (i) Any other person associated with a gaming applicant or gaming licensee required to be  
32 qualified for licensure in accordance with this chapter in conjunction with a gaming license application.

33           LVI. "Progressive controller" means a device independent of the operating system of a slot  
34 machine that calculates and transmits to a slot machine the amount of an available progressive  
35 jackpot based on a pre-established rate of progression and denomination of a slot machine.

36           LVII. "Promotional play" means an award by a gaming licensee of cashable and noncashable  
37 credits on a slot machine or table game:

1 (a) Directly or indirectly to a player.

2 (b) With or without regard to the:

3 (1) Identity of the player; or

4 (2) Player's level of gaming activity.

5 LVIII. "Promotional play system" means the collective hardware, software, communications  
6 technology, and other ancillary equipment used to facilitate the award of promotional play at a slot  
7 machine or table game by means of either a:

8 (a) Promotional play instrument.

9 (b) Download from the system to a slot machine.

10 LVIX. "Rake" means a set fee or percentage assessed by a gaming licensee for providing the  
11 services of a dealer, gaming table or location, to allow the play or operation of a table game at which  
12 a player competes against another player.

13 LX. "Restricted area" means that part of a gaming location directly related to the operation  
14 of the gaming floor where access is specifically designated by the commission as restricted, including,  
15 but not limited to:

16 (a) Cashier's cage, including a satellite cashiers' cage and ancillary offices.

17 (b) A room or location in which any central computer system resides.

18 (c) Count room and trolley storage areas.

19 (d) Areas designated for the storage, repair or destruction of slot machines, associated  
20 equipment and table game devices.

21 (e) Information technology department operations centers.

22 (f) Progressive controller locations.

23 (g) Surveillance monitoring rooms.

24 (h) Vault and armored car bay locations.

25 (i) Any other area that a gaming licensee, with the authorization of the commission,  
26 designates as restricted in its system of accounting and internal control or that the commission  
27 designates as restricted at the gaming location.

28 LXI. "Slot data system" means the collective hardware, software, communications technology,  
29 and other ancillary equipment used to collect, monitor, interpret, analyze, authorize, report, and audit  
30 data with regard to activity at a slot machine, including slot machine meter readings, error conditions,  
31 security, accounting, player tracking, and productivity analysis.

32 LXII. "Slot machine" means a mechanical, electrical, or other device, contrivance, or  
33 machine which, upon insertion of a coin, ticket, or similar object therein, or upon payment of any  
34 consideration whatsoever, is available to play or operate, the play or operation of which, whether by  
35 reason of the skill of the operator or application of the element of chance, or both, may deliver or  
36 entitle the person playing or operating the machine to receive cash or tickets to be exchanged for  
37 cash, or to receive merchandise or any thing of value, whether the payoff is made automatically from

1 the machine or in any other manner, except that the cash equivalent value of any merchandise or  
2 other thing of value shall not be included in determining the payout percentage of a slot machine.  
3 Slot machine shall not include a redemption slot machine or redemption poker machine available in  
4 a family entertainment center pursuant to RSA 647:2, II(f).

5 LXIII. "Subsidiary" means a corporation, a significant part of whose outstanding equity  
6 securities are owned, subject to a power or right of control, or held with power to vote, by a holding  
7 company or an intermediary company, or a significant interest in a firm, association, partnership,  
8 trust, or other form of business organization, other than an individual, which is owned, subject to a  
9 power or right of control, or held with power to vote, by a holding company or an intermediary  
10 company.

11 LXIV. "Table game" means:

12 (a) A game in the form of baccarat, big six wheel, blackjack, craps, double attack  
13 blackjack, mini-baccarat, mini-craps, mini-dice, pai gow, red dog, roulette, sic bo, casino war, poker  
14 including Asia poker, Boston 5 stud poker, Caribbean stud poker, Colorado hold 'em poker, double  
15 cross poker, double down stud poker, fast action hold 'em, flop poker, four card poker, let it ride  
16 poker, pai gow poker, pokette, Spanish 21, Texas hold 'em bonus poker, 3-card poker, 2-card joker  
17 poker, ultimate Texas hold 'em, or winner's pot poker.

18 (b) Any variations or composites of such games, provided that such variations or  
19 composites are found by the commission to be suitable for use after an appropriate test or  
20 experimental period under such terms and conditions as the commission shall deem appropriate.

21 (c) Any other banking or percentage game played with cards, dice, tiles, dominoes, or  
22 other equipment or an electronic, electrical or mechanical device played for money or other  
23 representation of value which is determined by the commission to be compatible with the public  
24 interest and to be suitable for casino use after such appropriate test or experimental period as the  
25 commission shall deem appropriate.

26 (d) The term table game shall not include games of chance pursuant to RSA 287-D, bingo  
27 and lucky 7 under RSA 287-E, pari-mutuel racing pursuant to RSA 284, raffles pursuant to  
28 RSA 287-A, or lottery pursuant to RSA 284:21-h and RSA 287-F.

29 LXV. "Table game device" includes, but is not limited to, a gaming table, cards, dice, chips,  
30 shufflers, tiles, dominoes, wheels, a drop box, or any other equipment used or consumed in  
31 connection with the operation of a table game.

32 LXVI. "Ticket" means an instrument that upon insertion into a slot machine bill validator  
33 entitles the player inserting the ticket to credits on a slot machine corresponding to the amount  
34 printed on the ticket.

35 LXVII. "Wager" means a sum of money or representative of value that is risked on an  
36 occurrence for which the outcome is uncertain.

37 284-B:3 Gaming Commission.

1 I. There shall be a New Hampshire gaming commission. The gaming commission shall be  
2 an executive branch agency entitled to defense and indemnity under RSA 99-D. It shall consist of 5  
3 members who shall be appointed and may be removed for cause by the governor with the advice and  
4 consent of the council.

5 (a) One member of the commission shall be appointed for one year, one for 2 years, one  
6 for 3 years, and one for 4 years, and upon the expiration of their terms of office their successors shall  
7 be appointed for a term of 4 years. The fifth member of the commission, who shall be appointed as  
8 chair of the commission by the governor with the advice and consent of the council, shall be  
9 appointed for 4 years and may be reappointed thereafter.

10 (b) At least one member of the commission shall have a background in accounting or  
11 finance.

12 (c) At least one member of the commission shall have a background in law enforcement  
13 or criminal or regulatory prosecution.

14 (d) Any vacancy on the commission shall be filled by appointment for the unexpired  
15 term. The chair shall serve in that capacity throughout the term of appointment and until a  
16 successor shall be appointed. Prior to appointment to the commission, an individual shall be subject  
17 to a background investigation with his or her suitability determined in accordance with the same  
18 standards for good character, honesty, integrity and financial stability applied to a key employee of a  
19 gaming licensee under this chapter.

20 II. The gaming commission shall have responsibility for the administration and enforcement  
21 of the New Hampshire state lottery in accordance with the provisions of RSA 284:21-a through  
22 RSA 284:21-v, for racing and charitable gaming in accordance with the provisions of RSA 284,  
23 RSA 287-D and RSA 287-E, for redemption slot machines and redemption poker machines in a  
24 family entertainment center under RSA 647:2 and for the administration and enforcement of gaming  
25 in New Hampshire in accordance with the provisions of this chapter.

26 (a) The gaming commission shall assume the powers, rights, duties, and  
27 responsibilities granted to the state lottery commission under RSA 284 and any rules issued  
28 pursuant thereto, and any reference to the state lottery commission in RSA 284 or any other  
29 statutory cites, and any rules issued pursuant thereto, including without limitation the reference  
30 in RSA 287-F:5, except for the references in the provisions of RSA 284:21-a through RSA 284:21-d  
31 regarding the creation and membership of the state lottery commission and except as the context  
32 may otherwise require and shall be deemed to refer to the gaming commission, provided that the  
33 gaming commission may delegate to the state lottery commission such powers, rights, duties, and  
34 responsibilities as it deems in the best interest of the state lottery, and provided further that the  
35 gaming commission shall not delegate its power to issue rules, nor its power to appoint the lottery  
36 executive director, and provided further that the gaming commission may discontinue or adjust  
37 the terms of such delegation at any time.



1 (b) The gaming commission shall assume the powers, rights, duties, and responsibilities  
2 granted to the state racing and charitable gaming commission under RSA 284, RSA 287-D and  
3 RSA 287-E, and any rules issued pursuant thereto, and any reference to the state racing and  
4 charitable gaming commission in RSA 284, RSA 287-D and RSA 287-E or any other statutory cites,  
5 and any rules issued pursuant thereto, except for the references in the provisions of RSA 284:6-a, I  
6 regarding the creation and membership of the racing and charitable gaming commission and except  
7 as the context may otherwise require shall be deemed to refer to the gaming commission, provided  
8 that the gaming commission may delegate to the state racing and charitable gaming commission  
9 such powers, rights, duties, and responsibilities as it deems in the best interest of racing and  
10 charitable gaming, and provided further that the gaming commission shall not delegate its power to  
11 issue rules, nor its power to appoint the racing and charitable gaming executive director, nor its  
12 power to license a primary game operator or game operator employer, and provided further that the  
13 gaming commission may discontinue or adjust the terms of such delegation at any time.

14 (c) The gaming commission shall be granted all powers, rights, duties and  
15 responsibilities necessary to authorize, limit, and regulate the operation of redemption slot machines  
16 and redemption poker machines in family entertainment centers under RSA 647:2 provided that the  
17 commission may delegate such powers, rights, duties, and responsibilities as it deems in the best  
18 interest of the state, provided that the gaming commission shall not delegate its power to issue rules,  
19 and provided further that the gaming commission may discontinue or adjust the terms of such  
20 delegation at any time.

21 (d) The gaming commission shall be advised in the exercise of its powers and rights and  
22 in the performance of its duties and responsibilities under this chapter by the gaming regulatory  
23 oversight authority in accordance with the provisions of RSA 284-A.

24 III. Three of the members of the gaming commission shall constitute a quorum to do  
25 business. It shall be the duty of a secretary to the gaming commission appointed by the chair to keep  
26 a record of all proceedings of the commission and to preserve all books, documents, and records  
27 addressed to its care. Commission members shall be part-time except that the commission chair  
28 shall be full-time and shall be the chief administrative and enforcement officer of the commission.  
29 The office of the chair and the commission shall be staffed with such legal, financial and technical  
30 experts as are required to fulfill the purposes of this chapter.

31 IV. Members of the gaming commission shall give bond to the state in such amount as shall  
32 be determined under the provisions of RSA 93-B.

33 V. Each member of the gaming commission shall receive a salary in accordance with  
34 RSA 94:1-a, II and shall be allowed reasonable expenses, including transportation, incurred in the  
35 performance of the member's duties.

36 VI. The gaming commission shall have an office in Concord or in a municipality that borders  
37 Concord.

1 VII. The compensation of the commissioners, expenses of the commissioners, compensation  
2 of assistants and other necessary expenses of the gaming commission, including suitable furniture,  
3 equipment, supplies, and office expenses shall be charged to and paid out of the funds received under  
4 the provisions of this chapter and of RSA 284, RSA 287-D, RSA 287-E, RSA 287-F and RSA 647:2,  
5 provided that the commission shall allocate such expenses for payment from each such source of  
6 funds in approximate proportion to the commission's costs of administering and regulating  
7 respectively the lottery and gaming activities administered by the commission pursuant to those  
8 provisions. The commission shall submit an operating budget based on accounting units or other  
9 budgetary units required by the general court. The commission shall submit its budget in the same  
10 format and at the same time as other state agencies. However, the commission may transfer funds  
11 between line items within and among any budgetary unit. The commission shall submit reports  
12 annually 60 days after the close of each fiscal year to the fiscal committee of the general court  
13 detailing all transfers made during the last fiscal year and the reasons for such transfers.

14 (a) Notwithstanding any provision of law to the contrary all expenses incurred by the  
15 gaming commission prior to the issuance of an operation certificate to a gaming licensee pursuant to  
16 284-B:32 of this chapter shall be charged to and paid from the funds received under the provisions of  
17 RSA 284, RSA 284-B, RSA 287-D, RSA 287-E, RSA 287-F and RSA 647:2.

18 (b) Such funds shall be available as of the effective date of this chapter for expenses  
19 incurred by the gaming commission and shall be reimbursed in accordance with the provisions of  
20 284-B:18, IV.

21 VIII. The gaming commission shall establish a code of ethics for all commissioners and  
22 employees of the commission. A copy of the code shall be filed with the attorney general's office. The  
23 code shall include provisions reasonably necessary to carry out the purposes of this chapter and any  
24 other laws subject to the jurisdiction of the commission including, but not limited to:

25 (a) Prohibiting the receipt by a commissioner or employee or his or her immediate family  
26 of any commission, bonus, discount, gift, tip, gratuity, compensation, travel, lodging, or other thing of  
27 value, except for items valued at \$25 or less, directly or indirectly, from a gaming licensee, principal  
28 licensee, key employee licensee, gaming vendor licensee or applicant, or other person subject to the  
29 jurisdiction of the commission.

30 (b) Prohibiting the participation by commissioners and employees in a particular matter  
31 that affects the financial interest of a commissioner or employee or a family member of a  
32 commissioner or employee.

33 (c) Providing for recusal of a commissioner due to a potential conflict of interest.

34 (d) Prohibiting the solicitation of funds by a commissioner or employee for any  
35 charitable, educational, religious, health, fraternal, civic, or other nonprofit entity from a gaming  
36 applicant, gaming licensee, or person that is an applicant for or holder of a license, registration, or  
37 permit under this chapter.

1 IX. No commissioner or employee shall own, or be in the employ of, or own any stock in, a  
2 person that holds a license or registration under this chapter nor shall they have, directly or indirectly,  
3 a pecuniary interest in, or be connected with, any such person or be in the employ of, or connected with,  
4 a person financing any such person, provided, however, that an immediate family member of a  
5 commissioner or employee holding a major policymaking positions shall not own, or be in the employ  
6 of, or own stock in, a person that holds a license or registration under this chapter. A commissioner or  
7 employee shall not personally, or through a partner or agent, render professional services to, or make  
8 or perform any business contract with or for a person that holds a license or registration under this  
9 chapter, provided that a partner or other person related to a commissioner or employee may render  
10 professional services or make or perform any business contract with the prior approval of the  
11 commission upon a finding by the commission that the professional relationship or contract will not  
12 create the appearance of a conflict of interest and does not evidence a conflict of interest in fact.  
13 Immediately upon assuming office, each commissioner and employee of the commission shall swear or  
14 affirm that the commissioner or employee complies with these prohibitions.

15 X. No commissioner or employee of the commission shall during the period commencing 3  
16 years prior to employment, have held any direct or indirect interest in, or have been employed by a  
17 person that holds a license or registration under this chapter.

18 XI. No commissioner shall hold a direct or indirect interest in, or be employed by, a gaming  
19 applicant or person that holds a license or registration under this chapter for a period of 3 years after  
20 the termination of employment with the commission.

21 XII. No employee of the gaming commission holding a major policymaking position as  
22 defined in this chapter shall acquire an interest in, or accept employment with, a gaming applicant  
23 or person that holds a license or registration under this chapter for a period of 2 years after the  
24 termination of employment with the commission, provided, however, that if the employment of an  
25 employee holding a major policymaking position at any time during the 5 years preceding a  
26 termination, is terminated as a result of a reduction in the workforce of the commission, the  
27 employee may, after one year following the termination of employment with the commission, accept  
28 employment with a gaming applicant or person that holds a license or registration under this  
29 chapter upon application to and with the prior approval of the commission, upon a finding that the  
30 employment will not create the appearance of a conflict of interest and does not evidence a conflict of  
31 interest in fact. The commission shall act upon an application within 30 days of receipt.

32 XIII. No employee of the commission in a non-major policymaking position shall acquire an  
33 interest in, or accept employment with, a gaming applicant or person that holds a license or  
34 registration under this chapter for a period of one year after the termination of employment with the  
35 commission, provided, however, that if the employment of an employee holding a non-major  
36 policymaking position at any time during the 5 years preceding a termination, is terminated as a  
37 result of a reduction in the workforce of the commission, the employee may immediately accept

1 employment with a gaming applicant or person that holds a license or registration under this  
2 chapter upon application to and with the prior approval of the commission, upon a finding that the  
3 employment will not create the appearance of a conflict of interest and does not evidence a conflict of  
4 interest in fact. The commission shall act upon an application within 30 days of receipt.

5 XIV. No commissioner or employee of the commission or division of state police gaming  
6 enforcement unit shall place a wager in a gaming location, provided, however, that an employee may  
7 place a wager in the performance of the employee's official duties.

8 XV. Commissioners and employees holding major policymaking positions as determined by  
9 the commission, shall be sworn to the faithful performance of their official duties. Commissioners  
10 and employees holding major policymaking positions shall:

11 (a) Conduct themselves in a manner so as to render decisions that are fair and impartial  
12 and in the public interest.

13 (b) Avoid impropriety and the appearance of impropriety in all matters under their  
14 jurisdiction.

15 (c) Avoid all prohibited ex parte communications and the disclosure of confidential  
16 information.

17 (d) Require staff and personnel subject to their direction and control to observe the same  
18 standards of fidelity and diligence.

19 (e) Disqualify themselves from proceedings in which their impartiality might reasonably  
20 be questioned.

21 (f) Refrain from financial or business dealings which would tend to reflect adversely on  
22 impartiality

23 284-B:4 Divisions of State Lottery, Racing and Charitable Gaming, and Gaming Control.

24 I. There shall be established within the gaming commission a lottery division, a racing and  
25 charitable gaming division, and a gaming control division.

26 II.(a) The executive director of the lottery division shall be the executive and administrative  
27 head of the division and shall be responsible for supervision and management of the division and the  
28 administrative units created within it. The executive director of the lottery division shall be  
29 appointed by the commission and shall report to the chair of the commission for administrative  
30 matters, daily supervision, policy, purpose, responsibility, and authority. Upon the effective date of  
31 this chapter, the person who was executive director for the state lottery commission immediately  
32 prior to the effective date shall become the executive director of the lottery division. Any  
33 subsequently appointed executive director shall be subject to a background investigation with his or  
34 her suitability determined in accordance with the same standards for good character, honesty,  
35 integrity and financial stability applied to a key employee of a gaming licensee under this chapter.

36 (b) The lottery division by and through its executive director shall administer the  
37 procedures associated with the operation of the state lottery under RSA 284:21-a through

1 RSA 284:21-v, RSA 287-F, all other provisions of law relating to the operation of the state lottery,  
2 and the rules adopted pursuant thereto, shall have primary responsibility for the audit, compliance,  
3 and regulatory enforcement functions required to effect the purposes of RSA 284:21-a through  
4 RSA 284:21-v, RSA 287-F, all other provisions of law relating to the operation of the state lottery,  
5 and the rules adopted pursuant thereto, and shall support the work of the lottery commission in its  
6 performance of such powers, rights, duties and responsibilities as may be delegated to it by the  
7 gaming commission. The lottery division shall cooperate with the attorney general and the division  
8 of state police gaming enforcement unit in the enforcement of this chapter.

9 III.(a) The executive director of the racing and charitable gaming division shall be the  
10 executive and administrative head of the division and shall be responsible for supervision and  
11 management of the division and the administrative units created within it. The executive director of  
12 the racing and charitable gaming division shall be appointed by the commission and shall report to  
13 the chair of the commission for administrative matters, daily supervision, policy, purpose,  
14 responsibility and authority. Upon the effective date of this chapter, the person who was executive  
15 director for the state racing and charitable gaming commission immediately prior to the effective  
16 date of this chapter shall become the executive director of the racing and charitable gaming division.  
17 Any subsequently appointed executive director shall be subject to a background investigation with  
18 his or her suitability determined in accordance with the same standards for good character, honesty,  
19 integrity, and financial stability applied to a key employee of a gaming licensee under this chapter.

20 (b) The division of racing and charitable gaming by and through its executive director shall  
21 administer the procedures associated with the conduct of racing and charitable gaming under RSA 284,  
22 RSA 287-D, RSA 287-E, all other provisions of law related to racing and charitable gaming, and the rules  
23 adopted pursuant thereto, shall have primary responsibility for the audit, compliance and regulatory  
24 enforcement functions required to effect the purposes of RSA 284, RSA 287-D, RSA 287-E, all other  
25 provisions of law related to racing and charitable gaming, and the rules adopted pursuant thereto, and  
26 shall support the work of the racing and charitable gaming commission in its performance of such  
27 powers, rights, duties, and responsibilities as may be delegated to it by the gaming commission. The  
28 division of racing and charitable gaming shall cooperate with the attorney general and the division of  
29 state police gaming enforcement unit in the enforcement of this chapter.

30 IV.(a) The executive director of the gaming control division shall be the executive and  
31 administrative head of the division and shall be responsible for supervision and management of the  
32 division and the administrative units created within it. The executive director of gaming control  
33 shall be appointed by the commission and shall report to the chair of the commission for  
34 administrative matters, daily supervision, policy, purpose, responsibility and authority. Prior to  
35 appointment as executive director, an individual shall be subject to a background investigation with  
36 his or her suitability determined in accordance with the same standards for good character, honesty,  
37 integrity, and financial stability applied to a key employee of a gaming licensee under this chapter.

1 (b) The division of gaming control by and through its executive director shall administer  
2 the procedures associated with the licensing, registration, and permitting of persons under this  
3 chapter and the rules adopted pursuant thereto and shall have primary responsibility for the audit,  
4 compliance, and regulatory enforcement functions required to effect the purposes of this chapter and  
5 its rules. The division of gaming control shall cooperate with the attorney general and the division of  
6 state police gaming enforcement unit in the enforcement of this chapter.

7 (c) The division of gaming control shall be present at a gaming location at such times,  
8 under such circumstances, and to such extent as the commission deems appropriate to fulfill its  
9 responsibilities under this chapter. Provision of onsite office space to accommodate the division of  
10 gaming control shall be provided as an element of an operation certificate under RSA 284-B:32.

11 284-B:5 General and Specific Powers of the Gaming Commission.

12 I. The gaming commission shall have general and exclusive regulatory authority and  
13 responsibility over the conduct of gaming and related activities as described in this chapter and the  
14 rules adopted pursuant thereto. The commission shall enforce the provisions of this chapter and any  
15 rules and shall ensure the integrity of the acquisition and operation of slot machines, associated  
16 equipment, and table game devices and shall have sole regulatory authority over every aspect of the  
17 authorization, operation, and play of slot machines and table games.

18 II. The gaming commission shall employ in its division of gaming control individuals,  
19 including the executive director of the division of gaming control provided for in RSA 284-B:4, as  
20 necessary to carry out the powers and duties of the commission as they relate to gaming conducted  
21 under this chapter. The commission may, should it determine it necessary to fulfill the purposes of  
22 this chapter, designate certain professional employees with specialized gaming expertise as serving  
23 at its pleasure.

24 III. The gaming commission shall employ a director of problem gambling and research, who  
25 shall have, in the commission's judgment, relevant experience in the field of problem gambling and  
26 research or in related fields, who shall report to the chair and shall advise the chair on all matters  
27 relating to problem gambling and research, provided that the commission may authorize customary  
28 marketing research required by the lottery to be conducted independently of the director of problem  
29 gambling and research.

30 IV. The gaming commission and its chair shall cooperate with the gaming regulatory  
31 oversight authority pursuant to the provisions of RSA 284-A and shall perform such functions as are  
32 assigned to it by RSA 284-A.

33 V. The gaming commission shall make an annual report to the governor in accordance with  
34 RSA 20:7, including therein an account of its actions, receipts derived under this chapter and under  
35 the provisions of RSA 284:21-a through RSA 284:21-v, regarding the state lottery, RSA 284,  
36 RSA 287-D and RSA 287-E regarding racing and charitable gaming, RSA 647:2 regarding  
37 redemption slot machines and redemption poker machines and slot machines and table games

1 operated pursuant to this chapter, the practical effects of the application thereof, and any  
2 recommendation for legislation which the commission deems advisable.

3 VI. The gaming commission shall award, issue, accept, approve, renew, revoke, suspend,  
4 condition, or deny issuance or renewal of a gaming license, principal license, key employee license,  
5 gaming vendor license, gaming employee registration, non-gaming employee permit, non-gaming  
6 vendor registration, and any additional licenses, registrations, or permits as may be required under  
7 this chapter.

8 VII. The gaming commission may require individuals who are prospective and existing  
9 commission employees and independent contractors, applicants, licensees, registrants, and  
10 permittees to submit to fingerprinting by the division of state police or other designated entity for  
11 purposes of verifying the identity of the individual and obtaining records of criminal arrests and  
12 convictions and to exchange fingerprint data with, and to receive criminal history record and  
13 background information from, the department of safety, division of state police, the attorney general,  
14 the Federal Bureau of Investigation or other source consistent with applicable federal and state  
15 laws, rules and regulations.

16 VIII. The gaming commission may require individuals who are prospective and existing  
17 commission employees and independent contractors, applicants, licensees, registrants, and  
18 permittees to submit photographs for purposes of verifying the identity of the individual and  
19 obtaining records of criminal arrests and convictions.

20 IX. The gaming commission may conduct investigations through its staff into the conduct of  
21 gaming and gaming operations and may test compliance with the requirements of this chapter and  
22 the rules adopted pursuant thereto.

23 X. The gaming commission may initiate a regulatory enforcement action through a referral  
24 to the attorney general for prosecution, and may decide, after hearing, any action against a licensee,  
25 registrant, permittee, or other person under this chapter, or the rules adopted pursuant thereto, and  
26 may impose sanctions upon finding a violation.

27 XI. The gaming commission may collect any fee, tax, penalty or interest required to be  
28 collected pursuant to the provisions of this chapter and the rules adopted pursuant thereto.

29 XII. Subject to the standards enumerated in this chapter, the gaming commission shall not  
30 approve an application for, or award, issue, accept, or renew a license, registration, or permit unless  
31 it is satisfied, at a minimum, that the applicant has demonstrated by clear and convincing evidence  
32 that the applicant is a person of good character, honesty, and integrity and is a person whose prior  
33 activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the  
34 public interest or the effective regulation and control of slot machine or table game operations or  
35 create or enhance the danger of unsuitable, unfair, or illegal practices, methods, and activities in the  
36 conduct of slot machine or table game operations or the carrying on of the business and financial  
37 arrangements incidental thereto.

1 XIII. The gaming commission may adopt rules necessary for the effective and efficient  
2 administration and enforcement of this chapter.

3 XIV. The gaming commission may be present at any gaming location at such times, under  
4 such circumstances, and to such extent as it deems appropriate to conduct reviews of gaming  
5 operations through observation and other reasonable means to assure compliance with this chapter  
6 and the rules adopted pursuant thereto.

7 XV. The gaming commission may conduct financial and operational reviews and compliance  
8 audits of gaming operations at such times, under such circumstances, and to such extent as it deems  
9 appropriate including reviews of accounting, administrative and financial records, and internal  
10 control systems, procedures, and records utilized by a gaming licensee.

11 XVI. The gaming commission may request and receive information, materials and any other  
12 data from a licensee, registrant, permittee, or applicant under this chapter in such manner as it  
13 deems appropriate.

14 XVII. The gaming commission may receive complaints from the public relating to the  
15 conduct of gaming operations.

16 XVIII. The gaming commission may certify the revenue of any gaming licensee in such  
17 manner as it deems appropriate.

18 XIX. The gaming commission may create, maintain, and administer a list of all excluded  
19 individuals.

20 XX. The gaming commission may create, maintain, and administer a list of all self-excluded  
21 individuals and to decide all matters relating to the administration of that program.

22 XXI. At its discretion, the gaming commission may issue, revoke, suspend, condition, or deny  
23 an operation certificate to a gaming licensee.

24 XXII. The gaming commission may request any and all records maintained by local,  
25 municipal, state, or federal agencies relative to a gaming applicant or gaming licensees.

26 XXIII. The gaming commission shall have the power and duty, subject to all applicable  
27 provisions of state law:

28 (a) To pay or satisfy obligations of the commission.

29 (b) To sue.

30 (c) To contract and execute instruments as necessary to carry out the powers and duties  
31 of the commission. Except for a contract related to a central computer system, all contracts entered  
32 into by the commission during the 2-year period following the effective date of this chapter shall not  
33 exceed a term of 2 years.

34 (d) To sell, transfer, convey, and dispose of tangible or intangible property owned by the  
35 commission.

36 (e) To establish, charge, and collect any fee, tax, penalty, or interest authorized by this  
37 chapter.



1 (f) To administer oaths, examine witnesses, and issue subpoenas compelling the  
2 attendance of witnesses or the production of documents, records, or other evidence, or to designate  
3 officers or employees to perform these duties.

4 (g) To retain attorneys, with the approval of the attorney general, accountants, auditors,  
5 and financial and other experts to render services as necessary.

6 (h) To require a background investigation on a gaming applicant, gaming, licensee, and  
7 an applicant for, or holder of, a principal license, key employee license, and gaming vendor license  
8 and, in the exercise of its discretion, on an applicant for, or holder of, a gaming employee  
9 registration, non-gaming employee permit, and non-gaming vendor registration under the  
10 jurisdiction of the commission.

11 (i) To enter into agreements with the attorney general and department of safety, division  
12 of state police and other persons as necessary to carry out the powers and duties of the commission  
13 including, but not limited to, agreements relating to reimbursement of actual costs for prosecutions  
14 of regulatory and criminal violations and for background and other investigations performed  
15 pursuant to this chapter.

16 (j) For purposes of licensing and enforcement including, but not limited to, background  
17 investigations, to receive information otherwise protected.

18 (k) For purposes of licensing and enforcement including, but not limited to, background  
19 investigations to receive and share information with other gaming regulating entities pursuant to an  
20 information sharing agreement.

21 XXIV. The commission, by and through the division of gaming control, shall possess  
22 pursuant to such delegation of authority by the attorney general, such law enforcement powers as  
23 are required to effectuate the purposes of this chapter including, but not limited to, access to records  
24 and databases reserved for access by law enforcement.

25 XXV. The commission may through its employees, without notice and without a warrant:

26 (a) Inspect and examine a gaming location where slot machine and table game  
27 operations are conducted as defined in this chapter, where associated equipment and table game  
28 devices used in the conduct thereof are manufactured, sold, distributed, or serviced or where records  
29 related to such gaming activity are prepared or maintained.

30 (b) Inspect all slot machines, associated equipment, table game devices, and related  
31 supplies at a gaming location.

32 (c) Seize summarily and remove from a gaming location slot machines, associated  
33 equipment, table game devices, and related supplies for the purposes of examination and inspection.

34 (d) Inspect, examine, and audit all books, records, and documents pertaining to a gaming  
35 licensee's operations.

36 (e) Seize, impound, or assume physical control of any book, record, ledger, slot machine,  
37 associated equipment, table game device and its contents, or a count or its equipment.

1 XXVI. The commission may delegate its authority to perform any of its functions under this  
2 chapter or the rules adopted pursuant thereto to an employee of the commission, provided, however,  
3 that any delegation expressly state whether the action or decision of the employee is to be deemed  
4 the final action of the commission, without approval, ratification, or other further action by the  
5 commission, and provided further that an action or decision by an employee of the commission  
6 pursuant to delegated authority shall be presented for review to the commission upon timely request  
7 by any party adversely affected by such determination.

8 XXVII. The commission may require a gaming applicant or gaming licensee to submit all  
9 contracts for services where the annual amount to be expended by the gaming applicant or gaming  
10 licensee is over \$500,000 to the commission and to provide such further information regarding  
11 vendors as the commission deems appropriate.

12 XXVIII. The commission may require a labor organization, union, or affiliate seeking to  
13 represent employees at a gaming location to be registered by the commission.

14 XXIX. The commission may require a gaming licensee to sell state lottery tickets at its  
15 gaming location in an area as near as practicable to the cashiers' cage.

16 XXX. The commission, in consultation with the attorney general, shall adopt rules, an  
17 organizational structure, and referral practices with the attorney general designed to prevent  
18 commingling of legal advisory, investigatory, prosecutorial, and adjudicatory functions.

19 284-B:6 Exercise of the Commission's Power to Sanction.

20 I. Without limiting the authority of the attorney general the commission may, following  
21 appropriate hearings and factual determinations, impose administrative sanctions against any  
22 person for any violation of this chapter, the rules adopted by the commission or any law related to  
23 gaming in this state including the following:

24 (a) Conditions upon, suspension, or revocation of a license, registration, permit, or other  
25 authorization issued pursuant to this chapter.

26 (b) Assessment of civil penalties in such monetary amounts as may be deemed necessary  
27 to punish misconduct and to deter future violations.

28 (c) Ordering restitution of any moneys or property unlawfully obtained or retained by a  
29 person.

30 (d) Issuance of a cease and desist order which specifies the conduct which is to be  
31 discontinued, altered, or implemented by the person. If the commission finds that a gaming licensee is  
32 engaged in an act or practice that would cause irreparable harm to the security and integrity of a gaming  
33 location or the interests of this state in ensuring the security and integrity of gaming under this chapter,  
34 it may issue a temporary suspension of the license. A gaming licensee who has been issued a temporary  
35 order of suspension by the commission shall be entitled to a full hearing before the commission on such  
36 suspension within 7 days after the order is issued. At the conclusion of the hearing, the commission may  
37 issue a final order to condition, suspend, or revoke the license in question.

1 (e) Issuance of letters of reprimand or censure, which shall be made a permanent part of  
2 the file of each person so sanctioned.

3 (f) Imposition of any or all of the foregoing sanctions in combination with each other.

4 II.(a) In determining an appropriate administrative sanction in a particular case, the  
5 commission shall consider:

6 (1) The risk to the public and to the integrity of slot machine or table game  
7 operations created by the conduct of the person.

8 (2) The seriousness of the conduct of the person and whether the conduct was  
9 purposeful or with knowledge that it was in contravention of the provisions of this chapter or the  
10 rules adopted by the commission.

11 (3) Any justification or excuse for such conduct.

12 (4) The prior history of the person involved with respect to gaming activity.

13 (5) The corrective action taken by the person to prevent future misconduct of a like  
14 nature from occurring.

15 (6) In the case of a monetary penalty, the amount of the penalty in relation to the  
16 misconduct and the financial means of the person.

17 (b) It shall be no defense to disciplinary action before the commission that a person  
18 inadvertently, unintentionally, or unknowingly violated a provision of this chapter or the rules  
19 adopted pursuant thereto provided that the commission may consider such factors in determining  
20 the degree of the penalty to be imposed.

21 III. The commission may impose any schedule or terms of payment of a civil penalty as it  
22 deems to be in the best interest of the state.

23 IV. The expense of investigation and any proceeding under this section before the  
24 commission, including, but not limited to, that related to an employee shall be fully recoverable from  
25 the gaming licensee unless the commission determines otherwise.

26 V. Any decision of the commission imposing an administrative sanction under this chapter  
27 shall be a final, binding, non-appealable determination which shall not be subject to legal challenge  
28 except as enumerated in RSA 284-B:25, XIII and RSA 284-B:25, XIV.

29 VI. Any decision of the commission imposing an administrative sanction under this chapter  
30 shall be evidenced by a written decision.

31 VII. A gaming applicant, gaming licensee, and an applicant for, or holder of, a principal  
32 license, key employee license, gaming employee registration, non-gaming employee permit, gaming  
33 vendor license, non-gaming vendor registration, or other person shall be guilty of a class B felony if  
34 they purposely:

35 (a) Fail to report, pay, or truthfully account for and pay over any application fee,  
36 investigative fee, initial license fee, renewal fee, or other fee, tax, penalty or interest required to be  
37 collected pursuant to the provisions of this chapter and the rules adopted pursuant thereto.

1 (b) Attempt in any manner to evade or defeat an application fee, investigative fee, initial  
2 license fee, renewal fee, or other fee, tax, penalty or interest required to be collected pursuant to the  
3 provisions of this chapter and the rules adopted pursuant thereto.

4 VIII. A gaming applicant, gaming licensee, and an applicant for, or holder of, a principal  
5 license, key employee license, gaming employee registration, non-gaming employee permit, gaming  
6 vendor license, non-gaming vendor registration, or other person shall be guilty of a class B felony if  
7 they permit a slot machine, associated equipment, table game, or a table game device to be operated,  
8 transported, repaired, or opened in a gaming location by a person other than a person that is  
9 licensed registered, permitted, or otherwise authorized by the commission pursuant to this chapter.

10 IX. A gaming applicant, gaming licensee, and an applicant for, or holder of, a principal  
11 license, key employee license, gaming employee registration, non-gaming employee permit, gaming  
12 vendor license, non-gaming vendor registration, or other person shall be guilty of a class B felony if  
13 they manufacture, supply, or place a slot machine, associated equipment, a table game, or a table  
14 game, device into play or display slot machines, associated equipment, a table game, or table game  
15 device in a gaming location without the authorization of the commission pursuant to this chapter.

16 X. Except in the case where a completed renewal application and fee, if required, has been  
17 received by the commission but has not yet been acted upon by the commission, a gaming applicant,  
18 gaming licensee, and an applicant for, or holder of, a principal license, key employee license, gaming  
19 employee registration, non-gaming employee permit, gaming vendor license, non-gaming vendor  
20 registration, or other person shall be guilty of a misdemeanor if they manufacture, supply, operate,  
21 carry on, or expose for play a slot machine, associated equipment, a table game, or table game device  
22 after the person's license, registration, permit or other authorization has expired and prior to the  
23 actual renewal of the license.

24 XI. An individual shall be guilty of a misdemeanor if while in a gaming location the  
25 individual knowingly uses currency other than legal tender of the United States to initiate play at a  
26 slot machine or table game with the intent to cheat or defraud a gaming licensee, a gaming location,  
27 or the state, or to damage a slot machine, associated equipment, a table game, or table game device.

28 XII. An individual shall be guilty of a class B felony if in playing a game in a gaming location  
29 the individual uses or assists another in the use of, a computerized, electronic, electrical, or  
30 mechanical device which is designed, constructed, or programmed specifically for use in obtaining an  
31 advantage at playing a slot machine or table game, unless the advantage obtained can be assessed a  
32 monetary value or loss of \$75,000 or less in which case the offense shall be a misdemeanor provided,  
33 however, that an authorized employee of a gaming licensee or an authorized employee of the  
34 commission may possess a computerized, electronic, electrical, or mechanical device which is  
35 designed, constructed, or programmed specifically for use in obtaining an advantage at playing a slot  
36 machine or table game or other cheating device in the performance of his or her employment for  
37 training, investigative, or testing purposes only. Any computerized, electronic, electrical, or

1 mechanical device used in violation of this section shall be subject to seizure by the commission and  
2 forfeiture. A gaming licensee shall conspicuously post notice of this prohibition and the penalties  
3 provided for under this section in a location and in a manner determined by the commission.

4 XIII. An individual shall be guilty of a class B felony if the individual:

5 (a) Uses or possesses counterfeit, marked, loaded or tampered with table game devices  
6 including chips, associated equipment, or other cheating devices in the conduct of gaming under this  
7 chapter, except that an authorized employee of a licensee or an authorized employee of the  
8 commission may possess and use counterfeit chips or table game devices or associated equipment  
9 that have been marked, loaded or tampered with, or other cheating devices in performance of his or  
10 her employment for training, investigative, or testing purposes.

11 (b) Except in connection with his or her employment duties, knowingly possesses or uses  
12 while in a gaming location a key or device designed for the purpose of or suitable for, opening or  
13 entering a slot machine, a slot machine cash storage box, a table game drop box, or similar coin or  
14 storage box.

15 XIV. A person shall be guilty of a class B felony if the person possesses a slot machine,  
16 associated equipment, a table game, a table game device, or other equipment or material knowing  
17 that it has been manufactured, distributed, sold, tampered with, or serviced in violation of the  
18 provisions of this chapter with the intent to use the slot machine, associated equipment, a table  
19 game, table game device, or other equipment or material as though it had been manufactured,  
20 distributed, sold, tampered with, or serviced pursuant to this chapter.

21 XV. A person shall be guilty of a class B felony if the person sells, offers for sale, represents,  
22 or passes off as lawful a slot machine, associated equipment, a table game, a table game device, or  
23 other equipment or material which the person knows has been manufactured, distributed, sold,  
24 tampered with, or serviced in violation of this chapter.

25 XVI. An individual shall be guilty of a misdemeanor if the individual works or is employed in a  
26 position the duties of which require licensing, registration, permitting or other authorization under the  
27 provisions of this chapter without first obtaining the requisite license, registration or permit.

28 XVII. A person shall be guilty of a misdemeanor if the person employs or continues to  
29 employ an individual in a position the duties of which require a license, registration, permit or other  
30 authorization under the provisions of this chapter if the individual is either:

31 (a) Not licensed, registered, permitted or otherwise authorized under the provisions of  
32 this chapter.

33 (b) Is prohibited from accepting employment from a gaming licensee, principal licensee,  
34 or gaming vendor licensee.

35 XVIII. An individual excluded from a gaming location under RSA 284-B:41 shall be guilty of  
36 a class A felony if the individual enters a gaming location and wagers, plays, or attempts to play a  
37 slot machine or table game at a gaming location.

1 XIX. An individual that engages in illegal conduct relating to the purchase, consumption,  
2 possession, or transportation of liquor or malt or brewed beverages in a gaming location commits a  
3 non-gambling offense.

4 284-B:7 Powers of the Attorney General.

5 I. Notwithstanding any other provision of law, the attorney general shall have the  
6 independent authority, on his or her own motion to take such actions as may be necessary in his or  
7 her judgment to ensure compliance with the provisions of this chapter and the rules adopted  
8 pursuant thereto.

9 II. The attorney general shall act as legal counsel to the commission.

10 III. The responsibilities of the attorney general shall include, but not be limited to:

11 (a) Perform in a timely manner all background investigations referred by the  
12 commission or undertaken on the attorney general's motion in connection with a license,  
13 registration, permit or other authorization required pursuant to this chapter.

14 (b) Issue timely reports to the commission in accordance with RSA 284-B:20 expressing  
15 an opinion with regard to each person referred for investigation as to whether the person is suitable  
16 to hold a gaming license, principal license, key employee license, gaming vendor license, gaming  
17 employee registration or non-gaming vendor registration, or other commission required  
18 authorization in this state.

19 (c) Prosecute all regulatory violations referred by the commission or undertaken on the  
20 attorney general's motion and all criminal violations under this chapter.

21 (d) Investigate any alleged regulatory violations of this chapter or the rules adopted  
22 pursuant thereto upon a referral by the commission.

23 (e) Investigate alleged criminal activity and administrative violations under laws other  
24 than this chapter impacting the operation of a gaming location.

25 (f) Receive and act on any referral from the commission, host community, the attorney  
26 general's motion, or other person of a complaint relating to an alleged criminal violation of this  
27 chapter.

28 (g) Provide advice and assistance, upon request or on his or her motion, to the  
29 commission in the consideration and adoption of rules.

30 (h) Recommend persons to be placed on a list of excluded persons to be maintained by  
31 the commission.

32 IV. The commission shall notify the attorney general of any known or suspected criminal  
33 activity or administrative violations under law other than this chapter impacting the operation of a  
34 gaming location or implementation and enforcement of the provisions of this chapter.  
35 Notwithstanding any provisions relating to the confidentiality of any information acquired under  
36 this chapter, the commission shall share such information with the attorney general as may be  
37 deemed necessary by the attorney general to ensure compliance with the provisions of this chapter.

1 V. The attorney general shall delegate to the commission, by and through its division of  
2 gaming control, such law enforcement powers as the attorney general deems are required by the  
3 commission to effectuate the purposes of this chapter including, but not limited to, access to records  
4 and databases reserved for access by law enforcement.

5 VI. The commission, the division of state police gaming enforcement unit, and the attorney  
6 general shall cooperate on the regulatory and criminal implementation and enforcement of this  
7 chapter, which shall include cooperation with municipal and county attorney offices and with local  
8 law enforcement.

9 284-B:8 Powers of the Division of State Police Gaming Enforcement Unit.

10 I. The commissioner of safety acting through the division of state police gaming enforcement  
11 unit established by RSA 21-P:7-d, may take such actions as may be necessary in his or her judgment  
12 to fulfill the responsibilities of the division of state police under this chapter and the rules adopted  
13 pursuant thereto.

14 II. The division of state police gaming enforcement unit shall have primary law enforcement  
15 authority over the gaming floor and restricted areas in the gaming location. It shall have concurrent  
16 law enforcement authority over all other areas of the gaming location with the local law enforcement  
17 agency having the primary enforcement responsibility.

18 III. The division of state police and its gaming enforcement unit shall:

19 (a) Ensure the timely processing of fingerprints and criminal history record checks in  
20 connection with a license, registration, permit or other authorization required pursuant to this  
21 chapter.

22 (b) Notwithstanding RSA 106-B:15, investigate alleged criminal activity and criminal  
23 violations involving the gaming floor and restricted areas of a gaming location.

24 (c) Notwithstanding RSA 106-B:15, receive and investigate with regard to any referral  
25 by the commission, a host community or other person relating to alleged criminal activity and  
26 criminal violations involving the gaming floor and restricted areas of a gaming location.

27 (d) Participate in any hearing conducted by the commission.

28 (e) Provide advice and assistance, upon request or on his or her motion, to the  
29 commission in the adoption of rules.

30 (f) Recommend, with respect to persons to be placed on a list of excluded persons to be  
31 maintained by the commission.

32 (g) Discharge other responsibilities as may be provided in law.

33 III. The division of state police gaming enforcement unit shall be present at a gaming  
34 location, at such times, under such circumstances, and to such extent as it deems appropriate to  
35 fulfill its responsibilities under this chapter. Provision of on site office space to accommodate the  
36 gaming enforcement unit shall be provided as an element of an operation certificate under RSA 284-  
37 B:32 of this chapter.

1 IV. The commission shall notify the division of state police gaming enforcement unit of any  
2 known or suspected criminal law violations that are related in any way to implementation and  
3 enforcement of the provisions of this chapter. Notwithstanding any provisions relating to the  
4 confidentiality of any information acquired under this chapter, the commission shall share such  
5 information with the division of state police gaming enforcement unit as may be deemed necessary  
6 by the commissioner of safety to ensure compliance with the provisions of this chapter.

7 V. The commission, the division of state police gaming enforcement unit and the attorney  
8 general shall cooperate on the regulatory and criminal implementation and enforcement of this  
9 chapter, which efforts shall include cooperation with municipal and county attorney offices and with  
10 local law enforcement.

11 284-B:9 Rulemaking.

12 I. The commission shall adopt rules under RSA 541-A necessary to meaningfully and  
13 efficiently regulate slot machine and table game operations and to implement, administer and enforce  
14 a comprehensive regulatory scheme which shall include, but not be limited to rules relevant to:

15 (a) Methods, content, and forms, consistent with RSA 284-B:17, pertaining to the  
16 application to be completed by a gaming applicant and an applicant for any other license,  
17 registration, permit and or authorization issued pursuant to this chapter.

18 (b) The form for delivery of an application pursuant to this chapter.

19 (c) Procedures for fingerprinting of an individual gaming applicant and an individual  
20 applicant for any other license, registration, permit and or authorization awarded, issued, or  
21 accepted pursuant to this chapter.

22 (d) Systems and methods for controlling access to a gaming floor and restricted areas  
23 within a gaming location and for ensuring the safety and security of a gaming location and a gaming  
24 licensee's players, employees, and invitees.

25 (e) Methods for notifying a gaming applicant and an applicant for any other license,  
26 registration, permit and or authorization, issued pursuant to this chapter.

27 (f) The time allotted to the attorney general to conduct and report to the commission on  
28 a background investigation related to an applicant for a principal license, key employee license,  
29 gaming vendor license, or other license under this chapter. The rules shall balance the efficient  
30 administration of the licensing process with the need to ensure licenses are issued to person meeting  
31 the suitability standards of this chapter. The rules shall be developed after consultation with the  
32 attorney general and the division of state police.

33 (g) Disqualification and rehabilitation standards applicable to an applicant for a gaming  
34 employee registration, non-gaming employee permit, or non-gaming vendor registration.

35 (h) Procedures, consistent with RSA 284-B:22, addressing the decision of the commission  
36 on a gaming license application including, but not limited to:

37 (1) Administrative procedures applicable to the conduct of a gaming license hearing.



- 1 (2) Rules relating to:
- 2 (A) Content of the statement of conditions appended to a gaming license;
- 3 (B) Annual reporting to the commission with regard to compliance; and
- 4 (C) Consequences for non-compliance with the statement of conditions.
- 5 (3) Rules relating to the renewal of a gaming license.
- 6 (4) Criteria for evaluating an application for a gaming license consistent with this
- 7 chapter.
- 8 (5) Standards for monitoring and enforcing conditions placed by the commission on a
- 9 gaming license; and
- 10 (6) Procedures for monitoring and enforcing a gaming licensee's compliance with its
- 11 capital investment commitment.
- 12 (i) Licensing procedures, consistent with RSA 284-B:17, VII, addressing a principal
- 13 license including, but not limited to:
- 14 (1) A system of classification and standard of review for principals;
- 15 (2) An application and review process and time frame;
- 16 (3) Application, investigation, and renewal fees consistent with the annual fee
- 17 schedule adopted and published by the commission;
- 18 (4) A waiver process;
- 19 (5) Administrative procedures applicable to the conduct of hearings related to a
- 20 principal license including, but not limited to:
- 21 (A) Rules of evidence;
- 22 (B) Notice requirements; and
- 23 (C) Rules permitting an applicant to raise an objection to the conduct of a
- 24 hearing procedure, process, or ruling of the commission;
- 25 (6) Rules relating to the renewal of a principal license;
- 26 (7) An abbreviated investigative process under RSA 284-B:20 applicable to a
- 27 principal license granted pursuant to this chapter;
- 28 (j) Licensing procedures, consistent with RSA 284-B:25, addressing individuals employed
- 29 by a gaming applicant or gaming licensee including, but not limited to:
- 30 (1) A system of classification for individuals employed by a gaming licensee;
- 31 (2) Application, investigation, and review processes and time frames;
- 32 (3) Application, investigation, and renewal fees for each category of license,
- 33 registration, or permit consistent with the annual fee schedule adopted and published by the
- 34 commission;
- 35 (4) Standards of review;
- 36 (5) Administrative procedures applicable to the conduct of hearings related to a key
- 37 employee license, gaming employee registration, and non-gaming employee permit;

1 (6) Procedures, if determined by the commission to be appropriate, for issuance of a  
2 temporary key license, gaming employee registration, non-gaming employee permit, or other  
3 employee authorization;

4 (7) Rules relating to the renewal of a license, registration, or permit; and

5 (8) An abbreviated investigative process, consistent with RSA 284-B:20, applicable  
6 to any license, registration, permit, or employee authorization granted pursuant to this chapter  
7 other than a competitively awarded gaming license where abbreviated licensing shall not be  
8 available.

9 (k) Licensing procedures, consistent with RSA 284-B:29, addressing persons doing  
10 business with a gaming applicant or gaming licensee including, but not limited to:

11 (1) A system of classification for persons doing business with a gaming applicant or  
12 licensee;

13 (2) An application, investigation and review process;

14 (3) Application, investigation, and renewal fees for each category of license or  
15 registration consistent with the annual fee schedule adopted and published by the commission;

16 (4) Exemption criteria and processes;

17 (5) Interim authorization and emergency authorization processes;

18 (6) Standards of review;

19 (7) Administrative procedures applicable to the conduct of hearings related to a  
20 gaming vendor license and non-gaming vendor registration; and

21 (8) An abbreviated investigative process under RSA 284-B:20 applicable to any  
22 license, registration, or authorization granted pursuant to this section.

23 (l) The issuance, suspension and revocation of an operation certificate pursuant to this  
24 chapter and the approval of a temporary gaming location.

25 (m) The submission, content of, acceptance by the commission and amendment of a  
26 gaming licensee's system of internal controls.

27 (n) The maintenance and retention of a licensee's books, records, and documents.

28 (o) The prohibition on credit and to play with credit cards and debit cards.

29 (p) The provision of complimentary services.

30 (q) Betting limits and disclosure requirements applicable to a cashless wagering system.

31 (r) Disclosure requirements applicable to a player tracking system.

32 (s) Tips and gratuities.

33 (t) Exclusion of individuals under the age of 21 from a gaming location.

34 (u) Exclusion of individuals from a gaming location.

35 (v) Self-exclusion of individuals from a gaming location.

36 (w) Comprehensive, New Hampshire specific technical standards and requirements  
37 applicable to gaming equipment including, but not limited to:

1 (1) Receipt, review, distribution, and the commission approval process associated  
2 with the certification reports issued by independent testing laboratories pursuant to paragraphs V  
3 and VI of this section;

4 (2) When the commission shall employ a central computer system, the  
5 communications protocol and technical standards for such system;

6 (3) Mechanical and electrical reliability of slot machines and associated equipment;

7 (4) Security features preventing tampering with slot machines and associated  
8 equipment;

9 (5) Comprehensibility to the player of wagering options and rules of play;

10 (6) Noise and light levels generated by slot machines;

11 (7) Design features necessary to ensure the accurate recording of transactions, to  
12 protect a player from fraud or deception, and to minimize any potential negative consequences  
13 associated with the play of a slot machine including, but not limited to:

14 (A) A prohibition on the use of reflexive software which, for the purposes of this  
15 section, shall be defined as any software that has the ability to manipulate and/or replace a  
16 randomly generated outcome for the purposes of changing the result on a slot machine;

17 (B) A requirement that a slot machine utilize one, or a combination of more than  
18 one random number generators working collectively, to determine the occurrence of a specific card,  
19 number, symbol, or stop;

20 (C) A requirement that once a random selection has occurred that the slot  
21 machine display an accurate representation of the randomly-selected outcome and that it be  
22 prohibited from making a secondary decision which affects the result shown to the player on the slot  
23 machine; and

24 (D) A requirement that where a slot machine includes a strategy choice, meaning  
25 that a particular play option requires use of skill to consistently achieve the best result, that the slot  
26 machine include in its rules of play mathematically sufficient information for a player to use optimal  
27 skill unless the player is not required to make an additional wager and cannot lose any credits  
28 earned prior to the strategy choice.

29 (8) Slot machine and table game circulation and density requirements;

30 (9) Progressive slot machines including multi-casino progressive systems;

31 (10) Review processes and product approval standards related to table game devices;

32 (11) Rules of the game for each table game permitted under this chapter;

33 (12) Review processes and testing and approval standards applicable to variations or  
34 composites of table games; and

35 (13) Physical and logical access to computer systems, including but not limited to,  
36 systems meeting the definition of associated equipment and the location of the primary and back-up  
37 system attendant to each.

1 (x) The payout percentage of a slot machine.

2 (y) Minimum and maximum wagers and content of a gaming guide.

3 (z) Gaming ticket expiration, unclaimed tickets, cash and prizes.

4 (aa) The collection of any fee, tax, penalty, or interest required to be collected pursuant  
5 to the provisions of this chapter.

6 (bb) The adoption of an annual fee schedule specifying application, investigation, and  
7 renewal fees that are not expressly specified in this chapter and that relate to any license,  
8 registration, permit, or authorization awarded, issued, or accepted pursuant to this chapter, which  
9 fee schedule shall cover the reasonable costs associated with processing an application or renewal or  
10 conducting an investigation, including the criminal history record check and any background  
11 investigation required under this chapter.

12 (cc) Financial reports required to be submitted by a gaming licensee and the timing on  
13 the submission of and form thereof.

14 (dd) The submission to the commission of an annual audit prepared by a certified public  
15 accountant licensed to do business in this state attesting to the financial condition of a licensee  
16 accompanied by such reports and opinions as the commission shall require.

17 (ee) Rules applicable to advertising by or on behalf of a gaming applicant or gaming  
18 licensee and the commission's role in the approval thereto designed to:

19 (1) Ensure that advertising is in no way deceptive, that it contains messages  
20 identifying sources for help and assistance with problem gambling, and that it promotes the  
21 purposes of this chapter; and

22 (2) Ensure that any advertising plan developed and implemented by a gaming  
23 applicant or gaming licensee is consistent with the department of resources and economic  
24 development's program of information and publicity to attract tourists, visitors, industrial concerns,  
25 and other interested persons from outside the state to the state of New Hampshire, to publicize the  
26 family-friendly attributes and natural beauty of the state, and to encourage, coordinate, and  
27 participate in the efforts of other public and private organizations or groups of citizens in order to  
28 publicize the facilities, industrial advantages, and other attractions of the state for the same purposes.

29 (ff) When the commission employs a central computer system, rules establishing a  
30 process for selecting and licensing a provider of a central computer system.

31 (gg) Establishing a process pursuant to which an independent testing laboratory  
32 establishes that it meets the criteria required by this chapter to offer services in this state.

33 (hh) The qualifications of, and the conditions pursuant to which state licensed attorneys,  
34 engineers, accountants, and others shall be permitted to practice before the commission or to submit  
35 materials on behalf of any applicant, licensee, registrant, or permittee provided, however, that no  
36 member of the legislature, nor any firm with which said member is associated, shall be permitted to  
37 appear or practice or act in any capacity whatsoever before the commission regarding any matter

1 whatsoever, nor shall any member of the immediate family of the governor or of a member of the  
2 legislature be permitted to so practice or appear in any capacity whatsoever before the commission  
3 regarding any matter whatsoever, provided, however, that the commission may provide by rule for  
4 the waiver of these prohibitions for an immediate family member or firm with which said member is  
5 associated based on full disclosure of the nature of the practice or appearance and a finding that a  
6 potential conflict is minimal or non-existent.

7 (ii) The conditioning, suspension or revocation of a gaming license and any other license,  
8 registration, permit or authorization awarded, issued or accepted pursuant to this chapter.

9 (jj) Hearings before the commission pertaining to an alleged regulatory violation and  
10 sanctions and penalties applicable thereto.

11 (kk) Requiring a gaming applicant, gaming licensee, and principal licensee to comply  
12 with state and local building codes, local zoning ordinances and bylaws, and any other applicable  
13 land use regulations.

14 (ll) Ensuring that all employees of a gaming licensee are properly trained in their  
15 respective duties and responsibilities.

16 (mm) The conduct of junkets and conditions of junket agreements between a gaming  
17 licensee and a junket representative.

18 (nn) Providing for the monitoring and enforcement of representations and commitments  
19 made by a gaming licensee in its license application, including, but not limited to, representations  
20 and commitments made pursuant to RSA 284-B:17, IV(f) relative potential negative consequences  
21 associated with gambling and the operation of its gambling location.

22 (oo) Providing for the implementation of problem gambling, public health, and related  
23 research strategies consistent with applicable provisions of this chapter.

24 (pp) Criteria to be applied by the commission in determining whether a live  
25 entertainment venue is impacted and establishing standards for monitoring and enforcing a gaming  
26 licensee's agreement with an impacted live entertainment venue, provided, however, that in  
27 adopting such rules the commission shall require the consideration of factors which include, but are  
28 not limited to, the venue's distance from the gaming location, venue capacity, and the type of  
29 performances offered by that venue.

30 (qq) The completeness review applied to an application for a principal license, key  
31 employee license, gaming employee registration, non-gaming employee permit, gaming vendor  
32 license, non-gaming vendor registration, or other authorization filed with the commission.

33 (rr) Requiring a gaming licensee to update certain enumerated information in its  
34 application to the commission at least one time during the 10 year duration of a gaming license and  
35 rules consistent therewith for other licensees, registrants, and permittees if deemed appropriate.

36 (ss) The appointment of a conservator to temporarily manage and operate the business  
37 of a suspended or revoked gaming licensee.

1 (tt) Notice of, and commission approval of, a transfer of an interest in a gaming license, a  
2 gaming licensee, or gaming location including, but not limited to, a transfer of an interest in a  
3 gaming license, gaming licensee, or gaming location not meeting the principal licensing threshold of  
4 RSA 284-B:24.

5 (uu) Amounts related to expired tickets and unclaimed cash and winnings reverting to  
6 the state.

7 (vv) The power of the commission to delegate its authority to perform any of its functions  
8 under this chapter or the regulations adopted pursuant thereto to an employee of the commission,  
9 which rules shall include, but not be limited to, a right of appeal to the commission where a  
10 delegated action is to be deemed the final action of the commission, provided, that a commission  
11 action shall thereafter be subject to review in accordance with the procedures specified in RSA 284-  
12 B:25, XIII and RSA 284-B:25, XIV, and provided further that the commission shall not delegate its  
13 power to issue rules.

14 (ww) Commission approval of a management contract.

15 II. The commission shall initiate the rulemaking process immediately upon the effective  
16 date of this chapter.

17 III. A request for applications under RSA 284-B:17 shall not occur prior to adoption of  
18 licensing rules. Operating rules shall not be prerequisite to a request for applications.

19 IV. A license, registration, or permit, including a gaming license, shall not be issued prior to  
20 the adoption of, at a minimum, licensing and operating rules.

21 284-B:10 Central Computer System.

22 I. Pursuant to an open competitive bidding process conducted in accordance with the  
23 provisions of RSA 21-I, the commission shall acquire and operate a central computer system into  
24 which all slot machines shall be connected.

25 II. Any central computer system acquired and operated by the commission shall be capable of:

26 (a) Continuously monitoring, retrieving, and auditing the operations, financial data, and  
27 program information of all slot machines.

28 (b) Allowing the commission to account for all money inserted in and payouts made from  
29 a slot machine.

30 (c) Disabling from operation or play a slot machine as the commission deems necessary  
31 to carry out the provisions of this chapter.

32 (d) Supporting and monitoring a progressive jackpot system capable of operating one or  
33 more progressive jackpots.

34 (e) Providing any other function that the commission considers necessary.

35 III. The central computer system shall employ a widely accepted gaming industry  
36 communications protocol, as approved by the Gaming Standards Association, to facilitate the ability  
37 of slot machine manufacturers to communicate with the central computer system.

1 IV. Except as provided in paragraph II(b), the commission shall not permit a gaming  
2 licensee to have access to, or obtain information from, the central computer system unless it  
3 determines that such access does not in any way affect the integrity or security of the central  
4 computer system and is relevant to the legitimate operation of its slot machines.

5 284-B:11 Records; Confidentiality.

6 I. The commission shall keep and maintain a list of all applications it receives under this  
7 chapter together with a record of each action taken with respect to an applicant. Except as provided  
8 in paragraph IV of this section, a file, including the criminal records of an applicant under this  
9 chapter and the record of the actions of the commission shall be open to public inspection provided,  
10 however, that information regarding an applicant whose license, registration, or permit has been  
11 denied, revoked, or not renewed shall be removed from the list after 5 years from the date of such  
12 action.

13 II. The commission shall publish on the commission's Internet website a complete list of all  
14 persons who applied for or hold a license, registration, permit, or other authorization pursuant to  
15 this chapter during the preceding calendar year including principal licensees thereof and the status  
16 of the application or license, registration, permit, or other authorization, provided, however, that  
17 information regarding an applicant whose license, registration, or permit has been denied, revoked,  
18 or not renewed shall be removed from the list after 5 years from the date of such action.

19 III. The commission shall maintain such other files and records as the commission  
20 determines are necessary. All records maintained by the commission may be maintained in digital  
21 or other format, provided that such information can be produced in written form upon the request of  
22 the commission.

23 IV. All personal, financial, and proprietary information and data of a gaming applicant,  
24 gaming licensee or applicant for, or holder of any other license, registration, permit, or other  
25 authorization pursuant to this chapter including its principals and key employees, other than their  
26 criminal records, required by the commission to be furnished to it, or which may otherwise be  
27 obtained, shall be considered confidential and shall not be disclosed except in the course of the  
28 necessary administration of this chapter, or upon the lawful order of a court of competent  
29 jurisdiction, or, with the approval of the attorney general, to a duly authorized law enforcement  
30 agency. Notwithstanding this paragraph, the division of state police, the commission, and the  
31 attorney general may share information as is appropriate under this chapter.

32 V. For the purposes of this section, the proprietary information and data of a gaming  
33 applicant or gaming licensee shall include, but not be limited to, marketing and player incentive  
34 business intelligence and plans, security and surveillance procedures and protocols, the internal  
35 controls required under RSA 284-B:33, all operations related submissions required by the  
36 commission to be furnished to it under this chapter, and any other information or documentation  
37 designated as proprietary by the commission.

1 VI. All records, information, or data maintained or kept by the commission shall be  
2 maintained or kept at the office of the commission or another site designated by the commission for  
3 that purpose.

4 VII. Notice of the contents of any information or data to be released consistent with  
5 paragraph IV of this section, except to a duly authorized law enforcement agency, shall be given to  
6 the person that is the subject of the release in a manner prescribed by the rules adopted by the  
7 commission so that the applicant or licensee has the opportunity to object to such release.

8 VIII. With regard to meetings, minutes, and records of the commission, the commission shall  
9 notice all proceedings and shall make and keep a record of all proceedings held at public meetings of  
10 the commission. A verbatim transcript of those proceedings shall be prepared by the commission  
11 upon the request of any commissioner or upon the request of any other person and the payment by  
12 that person of the costs of preparation. A copy of the transcript shall be made available to any  
13 person upon request and payment of the costs of preparing the copy.

14 284-B:12 Employees and Contractors.

15 I. The commission, the attorney general, and the division of state police gaming enforcement  
16 unit may from time to time contract for such legal, financial, economic, or security consultants, and  
17 any other technical and professional services as it deems necessary for the discharge of its duties  
18 under this chapter.

19 II. The commission may employ certain assistants, and contract with certain individuals or  
20 entities experienced in the regulation of gaming to carry out the provisions of this chapter. Such  
21 assistants and employees shall receive compensation at rates to be established by the department of  
22 administrative services, division of personnel.

23 284-B:13 Annual Report to the General Court.

24 I. No later than November 1 of each calendar year, the commission shall provide a report to  
25 the fiscal committee of the general court regarding the generation of revenues of slot machines and  
26 table games by a gaming licensee.

27 II. The legislative budget assistant, and any expert consultants hired to assist the legislative  
28 budget assistant in carrying out his or her duties, shall have access to any information, including  
29 confidential information, the legislative budget assistant may request for the purpose of conducting  
30 audits of the commission pursuant to RSA 14:31-a. If the legislative budget assistant or any expert  
31 consultant requires access to confidential information, the commission shall furnish the information  
32 and the legislative budget assistant or any expert consultant shall be subject to the same restrictions  
33 and penalties regarding the disclosure of the information as the original custodian of the  
34 information. This paragraph shall not be construed to authorize disclosure to any member of the  
35 legislature. Any confidential information provided to the legislative budget assistant under this  
36 section shall be subject to the provisions of RSA 14:31, IV.

37 284-B:14 Number of Gaming Licenses.



1 I. The commission shall award not more than one category 1 gaming license and not more  
2 than one category 2 gaming license, as defined in paragraphs II and III of this section, for 2 separate  
3 gaming locations.

4 II. The category 1 license shall authorize:

5 (a) The operation of not more than 160 table games, provided that the licensee's  
6 application shall propose operation of at least 80 table games; and

7 (b) The operation of no more than 3,500 slot machines, provided that the licensee's  
8 application shall propose operation of at least 2,000 slot machines.

9 III. The category 2 license shall authorize:

10 (a) The operation of no more than 80 table games, provided that the licensee's  
11 application shall propose operation of at least 25 table games; and

12 (b) The operation of no more than 1,500 slot machines, provided that the licensee's  
13 application shall propose operation of at least 750 slot machines.

14 IV. No entity shall hold both the category 1 and category 2 licenses.

15 V. There shall be a moratorium on the issuance of any gaming licenses in addition to the 2  
16 authorized by this section for a period of 10 years from the date of the issuance of the category 2  
17 licensee. Thereafter, the commission shall not be given the authority to issue any additional licenses  
18 unless the issuance of such licenses is approved by a 2/3 vote of both houses of the general court.

19 284-B:15 Procedures for Adoption by Local Community.

20 I. Any municipality desiring to permit a gaming location may adopt the provisions of  
21 RSA 284-B to allow the operation of slot machines and table games at a specific location in the  
22 following manner:

23 (a) In a town, other than a town that has adopted a charter pursuant to RSA 49-D, the  
24 questions shall be placed on the warrant of an annual or special town meeting, by the governing  
25 body or by petition pursuant to RSA 39:3.

26 (b) In a city or town that has adopted a charter pursuant to RSA 49-C or RSA 49-D, upon  
27 request of a gaming applicant to authorize the operation of slot machines and table games at a  
28 specific location within the municipality in accordance with the provisions of RSA 284-B, the  
29 governing body shall place the question on the ballot to be voted upon at the next regularly  
30 scheduled municipal or biennial election unless such election is more than 90 days from the request.  
31 In such circumstance, the governing body shall place the question on the ballot for a special election  
32 called for the purpose of voting on said question and which special election shall occur within 75 days  
33 after the request is made. Such special election shall be held at the usual ward polling places by the  
34 regular election officials.

35 (c) In any unincorporated place, and notwithstanding any other provision of law to the  
36 contrary, upon the request of a gaming applicant to authorize the operation of slot machines and  
37 table games at a specific location within the unincorporated place to either the moderator of the

1 unincorporated place if the unincorporated place is organized to vote pursuant to RSA 668:1, or the  
2 clerk of the designated town if the unincorporated place is not organized for voting as provided in  
3 RSA 668:2, the moderator or the clerk shall place the question on the ballot to be voted upon at the  
4 next regularly scheduled biennial election. The ballot shall be given to the individuals who are  
5 domiciled in such unincorporated place who are registered to vote.

6 (d) If a majority of those voting on the question vote "Yes," RSA 284-B shall apply in  
7 such town or city and the operation of slot machines and table games shall be permitted at a specific  
8 location within such town, city, or unincorporated place in accordance with RSA 284-B. If a majority  
9 of those voting on the question vote "No" the question may be voted on at a subsequent time in  
10 accordance with this section provided, however, the town may consider the question at no more than  
11 one special meeting and the annual town meeting in the same calendar year after a "No" vote. A city  
12 or town subject to subparagraph I(b) may consider the question at no more than one special election  
13 and a regular municipal or biennial election in the same calendar year after a "No" vote.

14 (e) The wording of the question shall be substantially as follows: "Shall we adopt the  
15 provisions of RSA 284-B allowing the operation of slot machines and table games at [insert the name  
16 of the proposed gaming location] located within the [insert name of town, city, or unincorporated  
17 place]?"

18 II. When a gaming applicant requests a town, city, or unincorporated place to act under  
19 paragraph I, the gaming applicant shall pay all costs associated with carrying out the actions under  
20 this section.

21 284-B:16 Gaming License Authorization; Hours of Operation.

22 I. A gaming license issued by the commission shall authorize an applicant to possess,  
23 conduct and operate slot machines and table games at a gaming location.

24 II. A gaming licensee may operate up to 24 hours a day on every day of the year with a  
25 gaming day commencing at 6:00 AM and ending at 5:59 AM.

26 III. A gaming licensee may operate only on the days and during the hours authorized by the  
27 commission in the operation certificate issued pursuant to RSA 284-B:32.

28 284-B:17 Gaming License Application Requirements.

29 I. The commission shall issue a request for applications:

30 (a) For a category 1 gaming license within 30 days of the adoption of licensing rules in  
31 accordance with RSA 284-B:9, IV; and

32 (b) For the category 2 license within one year after the issuance of the request for  
33 applications for the category 1 license. The request for applications shall require all gaming license  
34 applications to be submitted to the commission no later than 120 days after the publication of the  
35 request, provided, however, that an applicant who has paid the full application and investigation  
36 fees required by RSA 284-B:18 may receive one extension of up to 30 days upon a finding of good  
37 cause shown by the commission. Applications received after the deadline shall not be reviewed by

1 the commission. The commission shall approve, approve with conditions, or deny all applications  
2 submitted in accordance with the provisions of this chapter and any applicable rules promulgated by  
3 the commission.

4 II. Requests for applications pursuant to paragraph I of this section shall be advertised in a  
5 newspaper of general circulation in the state, in Commerce Business Daily or an equivalent  
6 publication, and on the official internet website of the commission.

7 III. An applicant for a gaming license shall submit the following documentation, as  
8 reasonably applicable to status as an individual, corporation, limited liability company or other form  
9 of business enterprise, for consideration by the commission.

10 (a) A fully executed and complete application on forms prescribed by the commission  
11 which may include, but need not be limited to, a multi-jurisdictional personal history and/or business  
12 entity disclosure form and any New Hampshire supplements to those forms. An application shall be  
13 deemed complete in accordance with RSA 284-B:19.

14 (b) The application shall include any and all information requested by the commission  
15 including, but not limited to, information regarding:

16 (1) The applicant's criminal history including a sworn statement with regard to all  
17 arrests and citations for non-traffic offenses that includes, at a minimum, a description of the  
18 circumstances surrounding the arrest or issuance of the citation, the specific offense charged and the  
19 ultimate disposition of the charge, including details of any dismissal, plea bargain, conviction,  
20 sentence, pardon, expungement, or other order or disposition;

21 (2) Fingerprints for each individual applicant and a written consent for a criminal  
22 history record check for the applicant;

23 (3) All civil actions, including bankruptcy filings, to which the applicant was a party  
24 during the past 10 years; including, but not limited to, actions resulting in a civil judgment;

25 (4) Information and documentation demonstrating by clear and convincing evidence  
26 the applicant's financial stability including, but not limited to, bank references, business and  
27 personal income and disbursement schedules, tax returns and other reports and actions filed with  
28 government agencies, details with regard to any bankruptcy filing, whether or not dismissed,  
29 business and personal accounting check records and ledgers, and other relevant source documents  
30 covering at least the 10 year period immediately prior to the date of filing of the application;

31 (5) Information and documentation demonstrating by clear and convincing evidence  
32 the applicant's good character, honesty and integrity including, but not limited to, information  
33 pertaining to family, habits, character, reputation, criminal history, business activities, financial  
34 affairs, and business, professional, and personal associates, covering at least the 10-year period  
35 immediately prior to the date of filing of the application;

36 (6) Information and documentation with regard to all contributions, donations,  
37 loans, or any other financial transactions to or from a gaming entity or operator in the past 5 years;

1 (7) Full name, address, date of birth, a photograph, and other personal identifying  
2 information; and

3 (8) Such other information as the commission shall deem relevant to its  
4 consideration of the application including documentation and information that predates the 10-year  
5 period immediately prior to the date of filing of the application.

6 IV. An applicant for a gaming license shall also submit the following documentation, as  
7 reasonably applicable to status as an individual, corporation, limited liability company, or other form  
8 of business enterprise, for consideration by the commission:

9 (a) Information and documentation demonstrating by clear and convincing evidence that  
10 the applicant has sufficient business ability and experience to establish and maintain a successful  
11 gaming operation, including, but not limited to, information demonstrating the experience of the  
12 applicant in developing, constructing, and managing a gaming operation.

13 (b) Information and documentation in the form of a payment bond, letter of credit,  
14 guaranty of private equity, or other funds which demonstrate cash and reserve availability  
15 supporting the applicant's ability to pay the license fee required pursuant to this chapter.

16 (c) If the applicant held or holds a gaming license in another jurisdiction that fact  
17 shall be disclosed to the commission and the applicant shall submit a letter of reference as  
18 appropriate from the relevant gaming enforcement or control agency which sets forth the  
19 experience of that agency with the applicant and the gaming operation with which the applicant  
20 was or is associated. If no letter of reference is issued and received within 30 days of a written  
21 request, a statement under oath that the person is or was during the period of licensure in good  
22 standing with the relevant gaming enforcement or control agency may be substituted in lieu of a  
23 letter of reference.

24 (d) If directed to do so by the commission, an application to any federal or state agency  
25 deemed appropriate by the commission for agency records pertaining to the applicant under the  
26 Freedom of Information Act (5 U.S.C. sec. 552) and the subsequent provision of the complete record  
27 received from said agency, provided, however, that nothing shall preclude the commission from  
28 awarding or issuing a license prior to receipt of any information so requested.

29 (e) Documentation to support the applicant's ability to pay, exchange, refinance, or  
30 extend debts, including long-term and short-term principal and interest and capital lease  
31 obligations, which will mature or otherwise come due and payable during the gaming license term, or  
32 to otherwise manage such debts and any default with respect to such debts.

33 (f) Documentation supporting the applicant's recognition of its obligation to identify,  
34 address, and minimize any potential negative consequences associated with gambling and the  
35 operation of its gaming location including, but not limited to, the following:

36 (1) Demonstration of an adequately funded commitment to combat problem  
37 gambling to include efforts directed at prevention, intervention, treatment, and research;

1 (2) Provision of rent free on-site space for an independent substance abuse and  
2 mental health counseling service to be selected by the commission;

3 (3) Commitment to the prominent display throughout the gaming location of  
4 information on the signs of problem gambling and how to access assistance;

5 (4) Commitment to the full implementation of the exclusion and self-exclusion rules  
6 promulgated by the commission;

7 (5) Maintenance of a smoke-free environment within enclosed places within the  
8 gaming location consistent with RSA 155:66;

9 (6) Commitment to the full implementation of other problem gambling and public  
10 health strategies deemed appropriate by the commission; and

11 (7) Commitment to the full implementation of procedures and controls precluding  
12 the offer of alcoholic beverages free of charge for consumption at the gaming location; and

13 (8) Commitment to the operation of a gaming location that provides or facilitates the  
14 availability of childcare services to employees but does not provide for or facilitate such services for  
15 the convenience of players.

16 (g) A workforce development plan that advances job growth, positive economic  
17 development and fulfills the related purposes of this chapter by:

18 (1) Incorporating an affirmative action program pursuant to which the applicant  
19 guarantees to provide equal opportunities to all persons qualified for licensure, registration, or  
20 permitting in all employment categories, including persons with disabilities;

21 (2) Providing outreach to, and maximizing use of, the state's existing labor force and  
22 requiring an accurate estimate and encouragement of, the utilization of the existing labor force in  
23 New Hampshire;

24 (3) Providing an accurate estimate of the number of construction jobs the gaming  
25 location will generate;

26 (4) Providing an equal opportunity plan for construction jobs, as delivered by a  
27 contractor or subcontractor, that includes specific goals for utilization of women, minorities, and  
28 veterans;

29 (5) Identifying and describing workforce training programs to be offered by the  
30 applicant or its agents;

31 (6) Addressing the applicant's plan for providing childcare for children of employees;

32 (7) Providing a plan for funding and maintaining hiring, training, and management  
33 practices that promote the development of a skilled and diverse workforce;

34 (8) Providing a plan to achieve business participation by women, minorities, and  
35 veterans; and

36 (9) Identifying a method for assessing on an annual basis the applicant's compliance  
37 with its workforce development plan and the submission of a written assessment to the commission; and

1 (h) Such other information as the commission shall deem relevant to its consideration of  
2 the application.

3 V. An applicant for a gaming license shall also submit to the commission the following  
4 documentation regarding the gaming location and gaming operation proposed by the applicant.

5 (a) Evidence that the applicant has obtained local approval in accordance with RSA 284-B:10.

6 (b) Details with regard to the amount and timing of its proposed capital investment,  
7 which capital investment must meet or exceed the minimum capital investment requirements  
8 established by RSA 284-B:23.

9 (c) A complete description of the proposed gaming location, including architectural  
10 renderings, a site plan and proposed gaming floor plan identifying type and number of slot machines and  
11 table games, and the names and addresses of the architects, engineers, and designers to be utilized.

12 (d) Documentation as to the assessed value of the land to be developed as a gaming  
13 location as of the date of application as well as ownership of the land over the past 10 years,  
14 including all interests, options, and agreements related to the land during that period.

15 (e) A timeline on construction that includes details regarding each stage of construction  
16 for the gaming location to include a completion date for each stage of construction as well as for  
17 infrastructure improvements and representations with regard to the ability of the applicant to  
18 comply with statutory, regulatory, and technical standards including, but not limited to, those  
19 related to zoning, infrastructure, and environmental considerations applicable to the design and  
20 development of the proposed gaming location.

21 (f) A description of the supporting amenities and ancillary entertainment services to be  
22 offered at the proposed gaming location, including the number of hotels and rooms, if any,  
23 restaurants and other amenities located within the proposed gaming location and how they measure  
24 in quantity and quality to other area amenities.

25 (g) The number of employees and independent contractors required to operate the  
26 proposed gaming location, including detailed information as to the projected breakdown between full  
27 and part time employees and independent contractors and proposed pay ranges and benefit packages  
28 for each category of employee or contractor.

29 (h) Documentation to support the applicant's ability to make necessary capital and  
30 maintenance expenditures in a timely manner that are adequate to ensure maintenance of a  
31 superior, first-class gaming location.

32 (i) Evidence in the form of completed studies and/or reports issued by independent,  
33 recognized experts in the most relevant field to establish how the gaming location and gaming  
34 operation proposed by the applicant addresses or impacts the following:

35 (1) The availability of local resources to support services and amenities necessary to  
36 accommodate projected guest volume in the form of transportation, regional geography, work force  
37 demographics, rooms and meals, utilities, and law enforcement;

1 (2) The immediate and long range financial feasibility of the applicant's proposed  
2 gaming location and operation including a projection of the revenues to be produced by the operation  
3 of slot machines and table games at the gaming location, the ability to achieve positive gross  
4 operating profit on an annual basis in a specific time frame, and the estimated municipal and state  
5 tax revenue to be generated by the gaming location, as supported by an expert experienced in the  
6 field of gaming;

7 (3) Economic and environmental benefits to the region and the state from the  
8 project, including the ability of the applicant's proposed gaming location and operation, both in its  
9 construction and its operation, to provide new and sustainable jobs for the community and to meet  
10 the highest practicable energy efficiency and environmental sustainability standards;

11 (4) The accessibility of the proposed gaming location to public transportation and  
12 public highway infrastructures;

13 (5) The ability of the design of the proposed gaming location to enhance tourism and  
14 development and to create commercial development opportunities for the community and its  
15 compatibility with historic uses, regional branding and local zoning ordinances;

16 (6) The impact on the local and regional community, including:

17 (A) Impact on the local and regional economies, including but not limited to,  
18 cultural institutions and small businesses in the host community and surrounding communities; and

19 (B) Costs and benefits to the host and surrounding communities in the form of  
20 jobs, revenues, business development, and social issues associated with the gaming location; and

21 (7) Signed agreements between the impacted live entertainment venue and the  
22 applicant setting forth the agreement of the parties with regard to mitigation of any potential negative  
23 impact resulting from the construction and operation of a licensee live entertainment venue at a gaming  
24 location in proximity to the impacted live entertainment venue, provided, however, that the agreement  
25 shall include, but not be limited to, terms relating to cross marketing, limitations to exclusivity  
26 arrangements with performers, coordination of performance schedules, promotions, and ticket prices.

27 (8) A description of any licensee live entertainment venue proposed, which space  
28 shall not have a seating capacity in excess of 1,500 seats; provided that this restriction on seating  
29 capacity shall not be applied to limit the attendance at any outdoor event hosted by the facility.

30 (j) Such other information as the commission shall deem relevant to its consideration of  
31 the application.

32 VI. If the applicant for a gaming license is a corporation, limited liability company, or other  
33 form of business enterprise, the applicant shall also provide or ensure the submission of the  
34 following information:

35 (a) The ownership, organization, financial structure, and nature of all businesses  
36 operated by the applicant including the name of the state under the laws of which each business is  
37 formed and the location of its principal place of business.

1 (b) The names and personal employment and criminal histories of all officers, directors,  
2 and key employees of the applicant.

3 (c) The names of all holding, intermediary, and subsidiary companies of the applicant.

4 (d) With regard to any holding, intermediary, or subsidiary company the ownership,  
5 organization, financial structure and nature of all businesses operated by each company and, to the  
6 extent required by paragraph VII and the rules adopted by the commission, the names and personal  
7 employment and criminal histories of all officers, directors and key employees of such holding,  
8 intermediary, and subsidiary companies.

9 (e) The rights and privileges acquired by the holders of different classes of authorized  
10 securities in the applicant including the names, addresses, and amounts held by all holders of such  
11 securities.

12 (f) The terms upon which securities in the applicant have been or are to be offered.

13 (g) Any other indebtedness or security devices utilized by the applicant.

14 (h) The extent of the equity security holdings in the applicant of all officers, directors,  
15 and key employees together with their remuneration in the form of salary, wages, fees, or otherwise.

16 (i) A description of all bonus and profit-sharing arrangements.

17 (j) Details with regard to any management or inter-company shared service agreements  
18 or functional equivalent thereof.

19 (k) A listing of stock options existing or to be created.

20 (l) Documentation establishing that the applicant and any holding, intermediary or  
21 subsidiary company required to qualify in conjunction with the gaming license application pursuant  
22 to paragraph VII are qualified to do business in the state of New Hampshire.

23 (m) If a direct or indirect interest in the applicant is a trust, the application shall  
24 disclose the names and addresses of all trustees and beneficiaries and shall provide details with  
25 regard to their respective interests.

26 (n) Such other information as the commission shall deem relevant to its consideration of  
27 the application.

28 VII. All persons associated with a gaming applicant or gaming licensee meeting the  
29 definition of a principal in RSA 284-B:2 shall be qualified for licensure in accordance with this  
30 chapter in conjunction with a gaming license application.

31 (a) The commission shall adopt rules consistent with this chapter and the efficient  
32 administration of the licensing process relating to:

33 (1) A system of classification and standards of review for principals;

34 (2) An application and review process and time frame;

35 (3) Application, investigation, and renewal fees consistent with the annual fee  
36 schedule adopted and published by the commission;

37 (4) A waiver process;



1                   (5) Administrative procedures applicable to the conduct of hearings related to a  
2 principal license including, but not limited to:

3                   (A) Rules of evidence;

4                   (B) Notice requirements; and

5                   (C) Rules permitting an applicant to raise an objection to the conduct of a  
6 hearing procedure, process or ruling of the commission;

7                   (6) Rules relating to the renewal of a license;

8                   (7) An abbreviated licensing process under RSA 284-B:20 of this chapter applicable  
9 to any license, registration, permit, or employee authorization granted pursuant to this section;

10                   (8) Such other procedures as are necessary to efficiently implement and administer  
11 this paragraph.

12                   (b) A principal license issued pursuant to this chapter shall expire 5 years from the date  
13 of issuance subject to renewal pursuant to this chapter.

14                   (c) An individual required to qualify and be licensed as a principal pursuant to this  
15 paragraph shall be required, at a minimum, to establish by clear and convincing evidence his or her  
16 qualification in accordance with the standards applicable to a key employee under this chapter with  
17 the exception of any requirement related to residency.

18                   (d) A person other than an individual required to qualify and be licensed as a principal  
19 pursuant to this paragraph shall be required, at a minimum, to establish by clear and convincing  
20 evidence financial stability, good character, honesty, and integrity to the same standard as a gaming  
21 licensee.

22                   (e) The commission may waive a principal license requirement pursuant to this  
23 paragraph for a person directly or indirectly holding more than a 5 percent ownership interest in the  
24 securities in a publically traded company upon a showing by the person seeking the waiver that they  
25 do not have the ability to elect one or more members of the board of directors of a gaming applicant  
26 or gaming licensee or to otherwise manage, control, influence, or affect the affairs or operations of a  
27 gaming applicant or gaming licensee or its holding, intermediary, or subsidiary company.

28                   (f) The commission may waive a principal license requirement pursuant to this  
29 paragraph for an institutional investor holding up to 15 percent of the stock of a gaming applicant or  
30 gaming licensee upon a showing by the person seeking the waiver that the applicant purchased the  
31 securities for investment purposes only and does not have the ability to, or the intention of,  
32 managing, controlling, or otherwise influencing or affecting the affairs or operations of a gaming  
33 applicant or gaming licensee or its holding, intermediary, or subsidiary company. An institutional  
34 investor granted a waiver that subsequently determines to manage or control or to take an action  
35 that potentially influences or affects the affairs or operations of an applicant or gaming license or its  
36 holding, intermediary or subsidiary company shall be licensed under this chapter before the  
37 institutional investor takes such action. The commission may, at any time, make a determination

1 that an institutional investor is in a position to control, manage, or otherwise influence or affect a  
2 gaming applicant or gaming licensee and, on that basis, may require an institutional investor,  
3 regardless of the extent of the ownership interest, to be licensed as a principal under this chapter.

4 (g) The commission may waive a principal license requirement pursuant to this  
5 paragraph in accordance with rules adopted by the commission requiring a showing that the person  
6 seeking the waiver does not have the ability to, or the intention of, managing, controlling, or  
7 otherwise influencing or affecting the affairs or operations of a gaming applicant or gaming licensee  
8 or its holding, intermediary, or subsidiary company. In no event, however, shall the commission  
9 waive the requirements of this paragraph for a person holding more than 15 percent of a gaming  
10 applicant or gaming licensee.

11 VIII. An applicant for a principal license shall submit the following documentation, as  
12 reasonably applicable to status as an individual, corporation, limited liability company, or other form  
13 of business enterprise, for consideration by the commission:

14 (a) A description of the relationship triggering the requirement to be licensed as a  
15 principal under paragraph VII.

16 (b) A fully executed and complete application on forms prescribed by the commission.  
17 An application shall be deemed complete in accordance with RSA 284-B:19.

18 (c) All documentation, fingerprints and consents required of a gaming license applicant  
19 under paragraph III.

20 (d) All documentation required of a gaming license applicant under subparagraph IV(a).

21 (e) The documentation related to a similar gaming license, registration, permit, or other  
22 authorization required of a gaming licensee applicant under subparagraph IV(c).

23 (f) Where applicable, all documentation required of a gaming license applicant under  
24 paragraph VI.

25 (g) Such other information as the commission shall deem relevant to its consideration of  
26 the application.

27 IX. The hearing, decision, and appeal procedures enumerated in RSA 284-B:25, X through  
28 RSA 284-B:25, XIV shall also apply to an applicant for or holder of a principal license.

29 X. A principal license for which a completed renewal application and fee, if required, has been  
30 received by the commission shall continue in effect unless and until the commission sends written  
31 notification to the holder that the commission has denied the renewal of the principal license.

32 284-B:18 Gaming License Fees; License Term.

33 I. The commission shall collect in conjunction with either a category 1 gaming license  
34 application or a category 2 gaming license application a nonrefundable gaming license application  
35 fee in the amount of \$400,000 to cover the cost of processing and reviewing an application. If the cost  
36 of processing and reviewing the application exceeds the amount of the initial application fee, the  
37 commission may impose upon the applicant an additional fee sufficient to cover any documented

1 shortfall which the applicant shall pay to the commission within 15 days of the date of an invoice.  
2 The amount shall be deposited in the gaming regulatory fund and shall be available to the state in  
3 the fiscal year received.

4 II. The commission shall collect in conjunction with a gaming license application, and  
5 transmit to the attorney general, a nonrefundable gaming license investigation fee in the amount of  
6 \$100,000 to cover the cost of the background investigation. If the cost of the background  
7 investigation exceeds the amount of the initial application fee, the commission may impose upon the  
8 applicant an additional fee sufficient to cover any documented shortfall which the applicant shall pay  
9 to the commission, for transmission to the attorney general, within 15 days of the date of an invoice.  
10 The amount shall be deposited in the gaming regulatory fund and shall be available to the state in  
11 the fiscal year received.

12 III. Upon an award of a gaming license, the commission shall collect an initial license fee in  
13 the following amounts:

14 (a) In the case of a category 1 gaming license, a fee of \$80,000,000; and

15 (b) In the case of a category 2 gaming license, a fee \$40,000,000. Such fees shall be paid  
16 to the gaming regulatory fund within 30 days of the award of the license.

17 IV. Upon payment of a license fee by a gaming licensee under this chapter, the commission  
18 shall fully reimburse funds received:

19 (1) By the commission from activities authorized by RSA 284, RSA 287-D, RSA  
20 287-E, and RSA 287-F in proportion to the expenses of the commission borne by each such  
21 activity in the administration of this chapter as authorized by RSA 284-B:3, VII (a), prior to the  
22 payment of the license fee.

23 (2) By the gaming regulatory oversight authority from activities authorized by  
24 RSA 284 and RSA 287-F in proportion to the expenses of the authority borne by each such activity in  
25 the administration of RSA 284-A.

26 (b) The general court shall determine the distribution of the balance of the initial license  
27 fee revenue after the reimbursements required by RSA 284-B:18, IV, provided that distributions  
28 shall include the following:

29 (1) Distributions to host or near-by municipalities deemed sufficient by the general  
30 court to offset costs incurred by such municipalities attributable to a gaming location's placement.

31 (2) Revenue in an amount determined by the general court shall be paid to the state  
32 treasurer and credited to the commissioner of the department of health and human services to support  
33 programs established by RSA 172 to fund baseline research into the prevalence of problem gambling in  
34 New Hampshire prior to the expansion of gaming as authorized by this chapter, to identify and assess  
35 the treatment needs of individuals with compulsive and problem gambling disorders, to identify effective  
36 programming to prevent and control compulsive and problem gambling, and to examine the connections  
37 between gambling disorders and drug and alcohol addiction disorders.

1           (3) Distributions to the state treasurer for transfer to the commission, attorney  
2 general and department of safety in amounts equal to any costs of regulatory control over a gaming  
3 licensee that are not covered by any other designated source of funding in this chapter.

4           (c) Upon receipt of the license fee, and satisfaction of any additional conditions precedent  
5 imposed by the commission, the commission shall issue the gaming license.

6           (d) The amount shall be deposited in the gaming regulatory fund and shall be available  
7 to the state in the fiscal year received.

8           V. A gaming license shall expire 10 years from the date of issuance of the gaming license  
9 subject to renewal pursuant to this chapter.

10           (a) The commission shall adopt rules consistent with this chapter relating to procedures  
11 for renewal of a gaming license, including an application and review process and such other  
12 procedures as are necessary to implement this paragraph.

13           (b) The commission shall collect a license renewal fee in the amount of \$1,500,000 which  
14 shall be paid to the state treasurer by the gaming licensee within 30 days of the award of the  
15 renewal of the license. The general court shall determine the distribution of the license renewal fee.  
16 Upon receipt of the renewal fee, and satisfaction of any additional conditions precedent imposed by  
17 the commission, the commission shall issue the gaming license renewal. The amount shall be  
18 deposited in the gaming regulatory fund and shall be available to the state in the fiscal year  
19 received.

20           VI. There is established in the office of the state treasurer a nonlapsing fund to be know as  
21 the gaming regulatory fund to be administered by the gaming commission which shall be kept  
22 distinct and separate from all other funds. All moneys in the gaming regulatory fund shall be  
23 nonlapsing and continually appropriated to the gaming commission for the purpose of distribution  
24 under this section.

25           284-B:19 Application Completeness Review.

26           I. For the purposes of this section, a complete application under this chapter is an  
27 application that is timely received, accompanied by all applicable fees and includes all information  
28 and documentation required by this chapter, any rules adopted by the commission and any  
29 instructions prescribed by the commission in connection with the application process.

30           II. The content of an application made pursuant to this chapter shall be subject to the  
31 confidentiality requirements of RSA 284-B:11.

32           III. The commission shall examine each application for a gaming license, principal license,  
33 key employee license, gaming employee registration, non-gaming employee permit, gaming vendor  
34 license, non-gaming vendor registration, or other authorization filed pursuant to this chapter for  
35 completeness.

36           IV. The commission shall apply the following completeness review procedures to a gaming  
37 license application.

1 (a) If the commission determines a gaming license application to be incomplete, the  
2 commission shall provide a written notification of incompleteness to the applicant within 30 days of  
3 actual receipt by the commission of the application. The notification of incompleteness shall include  
4 an explanation of the reason the application was deemed incomplete. If a written notice of  
5 incompleteness is not issued by the commission within 30 days of actual receipt, the application shall  
6 be deemed complete and the applicant notified to that effect.

7 (b) Upon receipt of a first written notice of incompleteness, an applicant shall have 15  
8 business days from the date of the written notice of incompleteness to submit to the commission the  
9 information requested. The applicant shall not include in its resubmission information unrelated to  
10 the deficiencies enumerated in the commission's notice. The commission shall review the additional  
11 information submitted by the applicant within 10 business days of actual receipt by the commission.

12 (1) If the additional information is satisfactory, the commission shall notify the  
13 applicant in writing that the gaming license application has been deemed complete;

14 (2) If the gaming license application remains incomplete, the commission shall  
15 provide a second written notice of incompleteness to the applicant. The second notice of  
16 incompleteness shall include a explanation of the reason the application was deemed incomplete and  
17 shall allow the applicant an additional 10 business days from the date of the second written notice of  
18 incompleteness to provide any requested information. The applicant shall not include in its  
19 resubmission information unrelated to the deficiencies enumerated in the commission's notice. The  
20 commission shall review the additional information submitted by the applicant within 10 business  
21 days of actual receipt by the commission:

22 (A) If the additional information is satisfactory, the commission shall notify the  
23 applicant in writing that the gaming license application has been deemed complete; and

24 (B) If the gaming license application remains incomplete, the commission shall  
25 provide a third and final written notice of incompleteness to the applicant. The third and final notice  
26 of incompleteness shall include an explanation of the reason the application was deemed incomplete  
27 and shall allow the applicant an additional 3 business days from the date of the third and final  
28 written notice of incompleteness to provide any requested information. The applicant shall not  
29 include in its resubmission information unrelated to the deficiencies enumerated in the commission's  
30 notice. The commission shall review the additional information submitted by the applicant within  
31 10 business days of actual receipt by the commission;

32 (3) If the additional information is satisfactory, the commission shall notify the  
33 applicant in writing that the gaming license application has been deemed complete; and

34 (4) If the gaming license application remains incomplete after a third and final  
35 notice of incompleteness the application shall be administratively denied by the commission.

36 V. The commission shall adopt rules consistent with this chapter relative to the  
37 completeness review applied to an application for a principal license, key employee license, gaming

1 employee registration, non-gaming employee permit, gaming vendor license, non-gaming vendor  
2 registration, or other authorization filed with the commission. The rules shall provide for a form of  
3 notice to the applicant and a time frame for notice of deficiency and resubmission by an applicant  
4 consistent with the efficient administration of the licensing process.

5 VI. An applicant for a license may withdraw a complete application only with the approval of  
6 the commission.

7 284-B:20 License Background Review.

8 I. Upon a determination by the commission that a gaming license, principal license, key  
9 employee license, gaming vendor license, or other license application is complete, the commission shall  
10 request that the attorney general commence an investigation into the suitability of the applicant.

11 II. The full investigative file related to a background investigation performed in connection  
12 with a license application shall be subject to the confidentiality requirements of RSA 284-B:11.

13 III. In any investigation conducted pursuant to this chapter the attorney general or any duly  
14 authorized member of the attorney general's staff may require by subpoena or otherwise the  
15 attendance of witnesses and the production of such correspondence, documents, books, and papers as  
16 he or she deems advisable and may administer oaths and take the testimony of witnesses.

17 IV. In conducting a background investigation for a license under this chapter the attorney  
18 general shall consider the suitability of the applicant including, but not limited to:

19 (a) Financial stability.

20 (b) Good character, honesty, and integrity.

21 (c) Business ability and gaming experience.

22 (d) Where applicable, the applicant's history of compliance in other regulated gaming  
23 jurisdictions including, but not limited to, a letter of reference or sworn statement of good standing  
24 produced in accordance with RSA 284-B:17, IV(c).

25 (e) Where applicable, the suitability of all principals required to qualify in conjunction  
26 with the gaming license application in accordance with RSA 284-B:17, VII.

27 (f) Whether the applicant is disqualified from receiving a license under RSA 284-B:21.

28 (g) The applicant's ability, if required, to demonstrate rehabilitation in accordance with  
29 RSA 284-B:21.

30 V. The attorney general may include in the scope of his or her investigation any other  
31 information that the attorney general, in the exercise of his or her sole discretion, may deem relevant.

32 VI. Where the commission finds, after study and comparison of applicable licensing  
33 standards, that the licensing standards of another jurisdiction within the United States or Canada  
34 are comprehensive, thorough, and require a suitability assessment substantially similar to this  
35 chapter, the commission may prescribe by rules consistent with this chapter, an abbreviated  
36 investigative process pursuant to which the attorney general and/or commission may, but are not  
37 obligated to, expedite an applicant's background investigation or review by affording a degree of

1 deference to a license, registration, or permit held by an applicant in a jurisdiction found to be  
2 comparable to New Hampshire. The availability of an abbreviated investigative process shall not  
3 limit the discretion of or otherwise preclude the attorney general or commission from determining  
4 that information it has independently or separately developed or received shall supersede or  
5 outweigh a license, registration, or permit in good standing in a comparable state. An applicant's  
6 eligibility for an abbreviated investigation process shall not be construed to waive any fees  
7 associated with an application. An abbreviated licensing process shall not be applied to an applicant  
8 for a gaming license.

9 VII. The attorney general may contract for legal, financial, and other professional services as  
10 he or she deems appropriate to discharge his or her duties under this chapter. The attorney general  
11 may also outsource a background investigation to an entity with demonstrated experience in  
12 gaming related background investigations provided that any recommendation to the commission as  
13 to the suitability of an applicant to hold a license is made by the attorney general.

14 VIII. In the course of its background investigation, the attorney general may draw upon the  
15 department of safety, division of state police and any other state or federal law enforcement agency  
16 or regulating authority he or she deems appropriate.

17 IX. The attorney general may obtain from, and provide to, a law enforcement agency,  
18 regulating authority or other domestic, federal, or foreign jurisdiction, including the Federal Bureau  
19 of Investigation, pertinent information regarding an applicant or licensee and may transmit or  
20 receive such information electronically.

21 X. The attorney general's report to the commission with regard to an applicant's background  
22 investigation shall state whether or not in his or her opinion the person is suitable to hold, or to  
23 qualify in conjunction with, a license in New Hampshire. The attorney general shall determine the  
24 extent to which and the manner in which investigative results are reported to the commission and, if  
25 reported, whether such results are to retain their confidential character.

26 XI. The attorney general's report to the commission with regard to an applicant for a gaming  
27 license's background investigation shall be submitted to the commission within 120 days of the date  
28 of the commission's referral of a complete application to the attorney general unless the attorney  
29 general determines that additional time is needed and notifies the commission that good cause exists  
30 for an extension to a date certain. Nothing herein shall limit the attorney general to one extension  
31 for good cause.

32 XII. The commission shall prescribe rules consistent with this chapter, after consultation  
33 with the attorney general and division of state police, relative to the time allotted to the attorney  
34 general to conduct and report to the commission on a background investigation related to an  
35 applicant for a principal license, key employee license, gaming vendor license, or other background  
36 investigation performed pursuant to this chapter. The rules shall be consistent with the efficient  
37 administration of the licensing process.

1 284-B:21 Grounds for Denial of a License.

2 I. The commission shall deny an application for a gaming license, principal license, key  
3 employee license, gaming vendor license, or other license filed pursuant to this chapter where it  
4 determines the applicant to be disqualified on the basis of any of the following criteria:

5 (a) Failure of the applicant to prove by clear and convincing evidence that the applicant  
6 is qualified in accordance with the provisions of this chapter.

7 (b) Failure of the applicant to provide information, documentation, and assurances  
8 required by this chapter or requested by the commission, failure of the applicant to reveal any fact  
9 material to qualification or the supplying of information which is untrue or misleading as to a  
10 material fact pertaining to the qualification criteria or other requirements of this chapter.

11 (c) The conviction of the applicant:

12 (1) For a felony or other crime involving embezzlement, theft, fraud or perjury in any  
13 jurisdiction; or

14 (2) Any other offense under present New Hampshire or federal law which indicates  
15 that licensure of the applicant would be inimical to the policies of this chapter or injurious to the  
16 interests of the state in issuing a license, provided, however, that disqualification shall not be  
17 automatic if the conviction:

18 (A) Did not occur within the 10-year period immediately preceding application  
19 for licensure provided the applicant demonstrates its rehabilitation and the commission finds, after  
20 hearing, that the applicant has established by clear and convincing evidence that automatic  
21 disqualification pursuant to this paragraph is not justified; or

22 (B) Has been the subject of a judicial order of expungement or sealing.

23 (d) Current prosecution or pending charges in any jurisdiction for any of the offenses  
24 enumerated in subparagraph (c), provided, however, that at the request of the applicant or the  
25 person charged, the commission may defer decision upon such application during the pendency of  
26 such charge.

27 (e) The pursuit by the applicant of economic gain in an occupational manner or context  
28 which is in violation of the criminal or civil public policies of this state, if such pursuit creates a  
29 reasonable belief that the participation of such person in gaming operations would be inimical to the  
30 policies of this chapter or injurious to the interests of the state in issuing a license. For purposes of  
31 this paragraph, occupational manner or context shall be defined as the systematic planning,  
32 administration, management, or execution of an activity for financial gain.

33 (f) The identification of the applicant as a career offender or a member of a career  
34 offender cartel in a manner that creates a reasonable belief that the association is of such a nature  
35 as to be inimical to the policies of this chapter or injurious to the interests of the state in issuing a  
36 gaming license. For purposes of this paragraph, career offender shall be defined as any person  
37 whose behavior is pursued in an occupational manner or context for the purpose of economic gain,



1 utilizing such methods as are deemed criminal violations of the public policy of this state. A career  
2 offender cartel shall be defined as any group of persons who operate together as career offenders.

3 (g) Failure by the applicant to make required payments in accordance with a child  
4 support order or repay any other debt owed to the state, unless such applicant provides proof to the  
5 commission's satisfaction of payment of, or arrangement to pay, any such debts prior to licensure.

6 (h) The commission may allow an applicant for a principal license that is unable to  
7 demonstrate by clear and convincing evidence the financial stability, good character, honesty, and  
8 integrity required by this chapter the opportunity to completely divest the interest in the applicant  
9 and, after such divestiture, may proceed with its assessment of the suitability of the gaming  
10 applicant.

11 (i) The applicant is an elected official of the general court, executive council, or executive  
12 branch of the state of New Hampshire, an employee of the attorney general's office or the  
13 department of safety on a full-time, part-time, or contractual basis, or has held any such position at  
14 any time during the previous 2 years.

15 II. The commission shall adopt rules consistent with this chapter and the efficient  
16 administration of licensing relating to disqualification and rehabilitation applicable to an applicant for a  
17 gaming employee registration, non-gaming employee permit, or non-gaming vendor registration.

18 284-B:22 Gaming License Decision.

19 I. The commission shall adopt rules consistent with this chapter relative to:

20 (a) Administrative procedures applicable to the conduct of a gaming license hearing  
21 under this chapter including, but not limited to:

22 (1) Rules applicable to a competitive gaming license selection hearing;

23 (2) Special rules of evidence applicable to a gaming license hearing;

24 (3) Notice requirements applicable to a hearing; and

25 (4) Rules permitting an applicant to raise an objection to the conduct of a hearing  
26 procedure, process or ruling of the commission as it relates to its own hearing or to the hearing of a  
27 competing applicant.

28 (b) Rules relating to the statement of conditions appended by the commission to a  
29 gaming license issued pursuant to this chapter requiring:

30 (1) That the statement of conditions enumerate, at a minimum, conditions which  
31 are precedent to the issuance of a gaming license, conditions which are precedent to the  
32 commencement of gaming operations at a gaming location and conditions which are ongoing  
33 throughout the license term;

34 (2) Annual reporting to the commission with regard to compliance with the statement  
35 of conditions; and

36 (3) Consequences for non-compliance with the statement of conditions.

37 (c) Rules relating to the renewal of a gaming license.

1 (d) Criteria for evaluating an application for a gaming license consistent with this  
2 chapter including, but not limited to, that relating to local approval of the gaming location under  
3 RSA 284-B:15, an evaluation of architectural design and concept excellence, integration of the  
4 gaming location into its surroundings, potential access to multi-modal means of transportation,  
5 tourism appeal, level of capital investment commitment, financial stability of the applicant, and the  
6 applicant's financial plan.

7 (e) Standards for monitoring and enforcing conditions placed by the commission on a  
8 gaming license including those related to an impacted live entertainment venue and host  
9 community.

10 (f) Procedures for monitoring and enforcing a gaming licensee's compliance with its  
11 capital investment commitment.

12 II. The commission may contract for such legal, financial, and other professional services as  
13 it deems appropriate to assist it in the discharge of its duties under this chapter.

14 III. In any decision by the commission relating to the issuance of a license, the commission  
15 shall consider the attorney general's report provided pursuant to RSA 284-B:20, XI; provided that,  
16 notwithstanding any other provision of law, no person shall be issued or hold a license under this  
17 chapter if in the opinion of the attorney general such person is not suitable to hold such a license.

18 IV. If there is only one complete application for a gaming license pending, then upon receipt  
19 of the report of the attorney general on the applicant's suitability to hold a gaming license in New  
20 Hampshire the commission shall schedule and conduct a licensing hearing to determine whether the  
21 applicant meets the standards for licensure set forth in this chapter.

22 V. The commission shall conduct a hearing with regard to an application under paragraph  
23 IV within 60 days of actual receipt by the commission the attorney general's suitability report. At  
24 the licensing hearing, the commission shall first consider whether the applicant is able to  
25 demonstrate by clear and convincing evidence its financial stability, good character, honesty,  
26 integrity, business ability and gaming experience in accordance with this chapter. If the commission  
27 determines that the applicant is unable to establish the required suitability the commission shall not  
28 give further consideration to the application. Any determination including, but not limited to, that  
29 relating to the standards for licensure set out in this chapter shall be made by majority vote of  
30 eligible commission members. Any commission member who has a personal or business conflict with  
31 any application shall not vote on such application. The licensing decision shall be in the form of an  
32 approval, denial, or an approval with conditions of a gaming license.

33 VI. If there is more than one gaming license application deemed complete by the  
34 commission, upon receipt of all of the reports of the attorney general on an applicant's suitability to  
35 hold a gaming license in New Hampshire the commission shall commence consideration of each  
36 application in a competitive process pursuant to which each application is evaluated in relationship  
37 to each other application. Within 30 days of actual receipt by the commission of all of the attorney

1 general's suitability reports the commission shall schedule a competitive hearing and shall instruct  
2 each applicant to file prehearing memoranda as prescribed by the commission which shall include, at  
3 a minimum, a summary of evidence each applicant intends to present in support of its application for  
4 licensure. Competing applications shall be heard separately by the commission at one hearing to be  
5 held no more than 75 days of actual receipt by the commission of all of the attorney general's  
6 suitability reports unless the commission determines that additional time is needed and notifies the  
7 applicants that good cause exists for an extension of the hearing date to a date certain. Nothing  
8 herein shall limit the commission to one extension for good cause. An applicant shall have no right  
9 to cross-examine the witnesses of a competing applicant but there shall be a right to raise an  
10 objection to the conduct of a hearing procedure, process, or ruling of the commission as it relates to  
11 the applicant or a competitor applicant.

12 VII. At the competitive hearing the commission shall first consider whether each applicant  
13 is able to demonstrate by clear and convincing evidence its financial stability, good character,  
14 honesty, integrity, business ability, and gaming experience in accordance with this chapter. If the  
15 commission determines that an applicant is unable to establish the required suitability the  
16 commission shall not give further consideration to the application.

17 VIII. At the competitive hearing the commission shall determine, based on the evidence  
18 submitted, including completed studies and/or reports issued by independent, recognized experts in  
19 the most relevant fields, which suitable applicants demonstrate superiority in meeting the standards  
20 set forth in this chapter. In making its determination the commission shall consider the following  
21 relevant factors.

22 (a) Business and market factors including:

23 (1) Highest potential benefit and highest prospective total revenues to be derived by  
24 the state;

25 (2) Potential gaming revenues to be generated by a gaming location based upon  
26 expert market analysis;

27 (3) The extent to which the proposed gaming location could be expected to encourage  
28 New Hampshire gaming participants to remain in the state;

29 (4) The extent to which the proposed gaming location could be expected to be a  
30 substantial regional and national tourist destination;

31 (5) The extent to which the proposed gaming location could be expected to create  
32 commercial development, opportunities for the community consistent with historic uses, regional  
33 branding, and local zoning ordinances;

34 (6) The applicant's proposed capital investment in the gaming location and operation  
35 and the expected competitiveness of the proposed gaming operation;

36 (7) The extent to which the proposed gaming location will preserve existing  
37 New Hampshire jobs and the number of net new full-time and part-time jobs to be created;

1           (8) The applicant's plan to identify, address, and minimize any potential negative  
2 consequences associated with gambling and the operation of its gaming location including, but not  
3 limited to, an adequately funded commitment to combat compulsive gambling to include efforts  
4 directed at prevention, intervention, treatment and research;

5           (9) The impact on the host community and municipalities in the region; and

6           (10) Such other considerations as the commission shall deem relevant to business  
7 and market factors.

8           (b) Economic development factors, including:

9           (1) The applicant's workforce development plan;

10           (2) Any additional economic development planned in the area of the proposed  
11 gaming location; and

12           (3) Such other considerations as the commission shall deem relevant to economic  
13 development factors.

14           (c) Site location factors including

15           (1) Existing transportation infrastructure surrounding the proposed gaming location;

16           (2) Any negative impact, if any, of a proposed gaming location on the host community;

17           (3) The need for additional public infrastructure expenditures at the proposed  
18 gaming location;

19           (4) The analysis related to impacted live entertainment venues as described in  
20 paragraph IX.

21           (5) Such other considerations as the commission shall deem relevant to site location.

22           IX. The commission shall identify live entertainment venues to be designated as impacted  
23 live entertainment venues pursuant to this chapter, provided, however, that any live  
24 entertainment venue that has negotiated an agreement with an applicant that was submitted with  
25 the application shall be considered an impacted live entertainment venue by the commission. If  
26 the commission determines a live entertainment venue to be an impacted live entertainment  
27 venue and the applicant has not submitted a fully executed agreement with that live  
28 entertainment venue in the application filed pursuant to RSA 284-B:17, the applicant shall  
29 negotiate a signed agreement with that live entertainment venue within 21 days of the award of a  
30 gaming license and no gaming license shall be issued prior to the execution and submission to the  
31 commission of that agreement. In the event an applicant awarded a license by the commission and  
32 an impacted live entertainment venue cannot reach an agreement, the commission, in making its  
33 decision on issuance of the gaming license, shall consider the reasons for such failure to agree in  
34 relation to the standards for licensure set forth in this chapter. A gaming licensee's compliance  
35 with an agreement with an impacted live entertainment venue shall be a condition of licensure  
36 enumerated in its statement of conditions and shall be considered upon a gaming licensee's  
37 application for renewal of a gaming license.

1 X. During the course of its review of an application, the commission shall take reasonable  
2 measures to prohibit and prevent all ex parte communication relating to the merits of an application.

3 XI. Any licensing determination including, but not limited to, that related to the  
4 selection of an applicant shall be made by majority vote of eligible commission members. Any  
5 commission member who has a personal or business conflict with any application shall not vote  
6 on such application. The actual selection decision shall be in the form of an approval or an  
7 approval with conditions. Unsuccessful applicants that were nonetheless found to be suitable in  
8 accordance with paragraph VII of this section shall be deemed "denied on the basis of a  
9 competitive process." Applicants failing to meet the standards for suitability set forth in  
10 paragraph VII shall be denied.

11 XII. Any decision of the commission approving a gaming license application, approving an  
12 application with conditions, or denying an application shall be issued by the commission within 30  
13 days of the conclusion of the hearing conducted pursuant to this section is a final, binding, non-  
14 appealable determination which is not subject to legal challenge except as permitted by this chapter.

15 XIII. An award by the commission of a gaming license shall be evidenced by a written  
16 decision with detailed findings accompanied by a statement of conditions enumerating those  
17 conditions precedent to the issuance by the commission of a gaming license, conditions that are  
18 precedent to the commencement of gaming operations at a gaming location, and conditions that are  
19 ongoing during the pendency of the license term.

20 XIV. A gaming applicant or gaming licensee aggrieved or dissatisfied with a final decision of  
21 the commission shall have the right to immediate appeal from a final decision to the supreme court  
22 pursuant to RSA 541.

23 XV. The provisions of RSA 541 shall govern all appeals under this section, provided that any  
24 request for rehearing provided for by RSA 541 shall be presented as a request for reconsideration to  
25 the commission within 10 calendar days of the commission's decision and the commission's decision  
26 on said request shall be issued within 10 days of the presentation of the request.

27 XVI. The appellant's burden of proof in any appeal to the supreme court under this section  
28 shall be as provided for by RSA 541:13.

29 XVII. A gaming license issued by the commission shall expire 10 years from the date of  
30 issuance subject to renewal pursuant to this chapter.

31 XVIII. The division of state police shall promptly notify the commission in the event an  
32 applicant or licensee is arrested for a crime or offense in this state after the date the background  
33 check was performed.

34 XIX. A gaming license for which a completed renewal application and fee, if required, has  
35 been received by the commission shall continue in effect unless and until the commission sends  
36 written notification to the holder that the commission has denied the renewal of the gaming license.

1 I. A gaming licensee shall be required as a condition of licensure to make the capital  
2 investment in the gaming location proposed in its gaming license application, which amount shall  
3 meet or exceed:

4 (a) In the case of the category 1 gaming licensee, \$450,000,000 exclusive of land  
5 acquisition, off-site improvement costs, and license fees; or

6 (b) In the case of the category 2 gaming licensee, \$125,000,000 exclusive of land  
7 acquisition, off-site improvement costs, and license fees.

8 II. The full capital investment required under this section shall be made within 5 years of  
9 the date of issuance of a gaming license.

10 III. In addition to the requirements of paragraph I, beginning with the sixth year after  
11 receiving a gaming license, a gaming licensee shall make, or cause to be made, on an annual basis  
12 capital expenditures to its gaming location in a minimum aggregate amount equal to 3.5 percent the  
13 total gross gaming revenues derived from the gaming location, provided, however, that a gaming  
14 licensee may make capital expenditures in an amount less than 3.5 percent per year as part of a  
15 multi-year capital expenditure plan approved by the commission.

16 IV. A gaming licensee who fails to obtain an operation certificate under RSA 284-B:32  
17 within one year after the date specified in the construction timeline submitted with its application  
18 and incorporated by the commission as a condition on the gaming license:

19 (a) May, if the commission finds good cause for such action after a hearing in accordance  
20 with this chapter, be subject to suspension or revocation of the gaming license.

21 (b) May, if found by the commission after a hearing in accordance with this chapter to  
22 have acted in bad faith in its application, be assessed a fine by the commission of up to \$50,000,000.

23 V. Concurrent with the payment of the license fee required pursuant to RSA 284-B:18,  
24 III, the gaming licensee shall be required to deposit 10 percent of the total capital investment  
25 proposed in its application into an interest-bearing account under the control of the commission.  
26 Moneys received from the gaming licensee shall be held in escrow until the final stage of  
27 construction, as detailed in the timeline of construction submitted with the licensee's application  
28 and incorporated by the commission as a condition on the gaming license, at which time the  
29 deposit, together with any accrued interest, shall be returned to the applicant to be applied for  
30 the final stage of construction. Should the licensee be unable or unwilling to complete the  
31 gaming location in accordance with the timeline, the deposit shall be forfeited to the state in  
32 accordance with the conditions on the license related to the construction timeline. The  
33 commission may, in lieu of a cash deposit, accept a performance or deposit bond in an amount  
34 equivalent to 10 percent of the total capital investment proposed in the application provided it  
35 determines that the bond would be a functional equivalent of the deposit and would timely  
36 ensure the intended forfeiture to the state.

37 284-B:24 Revocable Privilege; Limits on License Transfer and Transfer of an Interest.

1 I. Any gaming license issued by the commission shall be a revocable privilege and may be  
2 conditioned, suspended, or revoked upon a finding by the commission that such action is necessary to  
3 accomplish the purposes of this chapter as a result of:

4 (a) A breach of a condition enumerated or inferred in the statement of conditions applicable  
5 to the gaming license, including failure to timely complete any phase of construction of the gaming  
6 location or to comply with any representation or promise made to the commission, the attorney general,  
7 division of state police gaming enforcement unit or other state entity in connection with a gaming license.

8 (b) Any action or event that constitutes grounds for denial of a gaming license under  
9 RSA 284-B:21.

10 (c) A finding by the commission that a gaming licensee no longer meets the standards for  
11 suitability set forth in this chapter.

12 (d) Such other finding as the commission deems relevant.

13 II. A gaming license issued by the commission pursuant to this chapter is transferrable with  
14 the prior approval of the commission pursuant to rules adopted by the commission consistent with this  
15 chapter. A person seeking to acquire a gaming license through a transfer shall qualify for licensure  
16 under this chapter. The commission shall reject a gaming license transfer to an unsuitable person and  
17 may reject a proposed transfer that, in the opinion of the commission, would be disadvantageous to the  
18 interests of the state. A transfer of a gaming license without the prior approval of the commission shall  
19 result in the immediate and automatic termination of the gaming license.

20 III. An interest in a gaming licensee or gaming location substantial enough to trigger a  
21 requirement that a person qualify as a principal licensee in accordance with RSA 284-B:17, VII is  
22 transferrable with the prior approval of the commission pursuant to rules adopted by the commission  
23 consistent with this chapter. A person seeking to acquire an interest in a gaming licensee or gaming  
24 location shall qualify for licensure under this chapter. The commission shall reject a transfer of an  
25 interest in a gaming licensee or gaming location to an unsuitable person and may reject a proposed  
26 transfer that, in the opinion of the commission, would be disadvantageous to the interests of the  
27 state. A transfer of an interest in a gaming licensee or gaming location meeting the requirements of  
28 this paragraph without the prior approval of the commission may result in the termination of a  
29 gaming license.

30 IV. The commission shall adopt rules consistent with this chapter relating to notice of, and  
31 commission approval of, a transfer of a gaming license and the transfer of an interest in a gaming  
32 licensee or gaming location including, but not limited to, a transfer not meeting the principal  
33 licensing threshold of paragraph III.

34 284-B:25 Individuals Employed by a Gaming Licensee

35 I. The commission shall adopt rules consistent with this chapter relating to:

36 (a) A system of classification for individuals employed by a gaming licensee, which  
37 classification system shall include, but need not be limited to, a key employee license, gaming

1 employee registration and non-gaming employee permit based on the degree of connection to the  
2 operation, maintenance, security and accounting functions associated with a slot machine or table  
3 game, access to the gaming floor or a restricted area or such other criteria as the commission shall  
4 deem appropriate.

5 (b) Application, investigation, and review processes and time frames.

6 (c) Application, investigation, and renewal fees for each category of license, registration,  
7 or permit consistent with the annual fee schedule adopted and published by the commission.

8 (d) Standards of review.

9 (e) Administrative procedures applicable to the conduct of hearings related to a key  
10 license, gaming employee registration, and non-gaming employee permit including, but not limited to:

11 (1) Rules of evidence;

12 (2) Notice requirements;

13 (3) Rules permitting an applicant to raise an objection to the conduct of a hearing  
14 procedure, process or ruling of the commission; and

15 (4) Any delegation of commission authority specific to registrations and permits.

16 (f) Procedures for issuance of a temporary key license, gaming employee registration,  
17 non-gaming employee permit, or other employee authorization if the commission determines that  
18 such procedures are necessary to the efficient implementation of this chapter.

19 (g) Rules relative to the renewal of a license, registration, or permit.

20 (h) A term for any employee license, registration, permit, or employee authorization  
21 granted pursuant to this chapter.

22 II. A key employee license, gaming employee registration, a non-gaming employee permit,  
23 and any other employment related authorization issued pursuant to this chapter shall expire 5 years  
24 from the date of issuance subject to renewal pursuant to this chapter.

25 III. In connection with a key employee license, gaming employee registration, non-gaming  
26 employee permit, or other employee authorization, the commission shall be authorized to exchange  
27 fingerprint data with, and to receive criminal history record and background information from, the  
28 department of safety, division of state police, the office of the attorney general, the Federal Bureau of  
29 Investigation, or other sources consistent with applicable federal and state laws, rules, and regulations.

30 IV. No gaming applicant, gaming licensee, or holding, intermediary, or subsidiary company  
31 required to qualify in conjunction with a gaming license under this chapter shall employ or otherwise  
32 allow an individual to perform the duties of a key employee unless the person is the holder of a valid  
33 key employee license issued by the commission.

34 V. No gaming licensee shall employ or otherwise allow an individual to perform duties  
35 requiring a gaming employee registration, non-gaming employee permit, or other employee  
36 authorization required pursuant to this chapter unless the person is registered, permitted, or  
37 otherwise authorized by the commission.



1 VI. A gaming licensee shall not utilize an independent contractor to perform duties  
2 requiring a key employee license, gaming employee registration, non-gaming employee permit, or  
3 other employee authorization required pursuant to this chapter without the prior approval of the  
4 commission.

5 VII. An independent contractor of a gaming licensee authorized by the commission to  
6 perform duties requiring a key employee license, gaming employee registration, non-gaming  
7 employee permit, or other employee authorization required pursuant to this chapter shall be subject  
8 to all of the provisions of this chapter applicable to an employee of a gaming licensee.

9 VIII. During the course of its review of any application, the commission shall take  
10 reasonable measures to prohibit and prevent all ex parte communication relating to the merits of  
11 such application.

12 IX. In any decision relating to a key employee license, and with regard to a gaming employee  
13 registration subject to a background investigation under RSA 284-B:27, II, the commission shall  
14 consider, the attorney general's report provided pursuant to RSA 284-B:20; provided that,  
15 notwithstanding any other provision of law, no person shall be issued or shall hold a license under this  
16 chapter if in the opinion of the attorney general such person is not suitable to hold such a license.

17 X. Any licensing determination including, but not limited to, that related to a key license,  
18 gaming employee registration, non-gaming employee permit, or other employee authorization shall  
19 be made by majority vote of eligible commission members. Any commission member who has a  
20 personal or business conflict with any application shall not vote on such application.

21 XI. Any decision of the commission approving an application, approving an application with  
22 conditions, or denying an application under this section shall be issued by the commission within 30  
23 days of the conclusion of the hearing conducted pursuant to this section and is a final, binding, non-  
24 appealable determination which is not subject to legal challenge except as permitted by this chapter.

25 XII. The issuance by the commission of a license, registration, permit, or other employee  
26 authorization shall be evidenced by a written decision.

27 XIII.(a) Within 30 days after any order or decision has been made by the commission, any  
28 party to the action or proceeding before the commission, or any person directly affected thereby, may  
29 apply for a rehearing in respect to any matter determined in the action or proceeding, or covered or  
30 included in the order, specifying in the motion all grounds for rehearing, and the commission may  
31 grant such rehearing if in its opinion good reason for the rehearing is stated in the motion.

32 (b) Such motion shall set forth fully every ground upon which it is claimed that the  
33 decision or order complained of is unlawful or unreasonable. No appeal from any order or decision of  
34 the commission shall be taken unless the appellant shall have made application for rehearing as  
35 herein provided, and when such application shall have been made, no ground not set forth therein  
36 shall be urged, relied on, or given any consideration by the court, unless the court for good cause  
37 shown shall allow the appellant to specify additional grounds.

1 (c) Upon the filing of such motion for rehearing, the commission shall within 10 days  
2 either grant or deny the same, or suspend the order or decision complained of pending further  
3 consideration, and any order of suspension may be upon such terms and conditions as the  
4 commission may prescribe.

5 (d) Within 30 days after the application for a rehearing is denied, or, if the application is  
6 granted, then within 30 days after the decision on such rehearing, any party aggrieved or  
7 dissatisfied by any final decision of the commission under this section shall have the right to appeal  
8 from a final decision to the superior court. The petition shall set forth that such decision or order is  
9 arbitrary or capricious or not made in compliance with law, and shall specify the grounds on which  
10 such claim is made.

11 XIV. The appellant's burden of proof in any appeal to the superior court under this section  
12 shall be as provided for by RSA 541:13.

13 XV. A key employee license, gaming employee registration and non-gaming employee permit  
14 issued by the commission shall expire 5 years from the date of issuance subject to renewal pursuant  
15 to this chapter.

16 XVI. A key employee license, gaming employee registration and non-gaming employee  
17 permit for which a completed renewal application and fee, if required, has been received by the  
18 commission shall continue in effect unless and until the commission sends written notification to the  
19 holder that the commission has denied the renewal of the gaming license, registration, or permit.

20 XVII. The division of state police shall promptly notify the commission in the event an  
21 applicant for or key employee licensee, gaming employee registrant, or non-gaming employee  
22 permittee is arrested for a crime or offense in this state after the date the background check was  
23 performed.

24 284-B:26 Key Employee Licensing.

25 I. A key employee of an applicant, gaming licensee, or principal licensee required to qualify  
26 in conjunction with a gaming license under RSA 284-B:17, VII shall submit to the commission the  
27 following information, documentation, and assurances:

28 (a) A description of the applicant's employment responsibilities.

29 (b) A fully executed and complete application on forms prescribed by the commission. An  
30 application shall be deemed complete in accordance with rules adopted pursuant to RSA 284-B:19.

31 (c) All documentation, fingerprints, and consents required of a gaming license applicant  
32 under RSA 284-B:17, III.

33 (d) All documentation required of a gaming license applicant under RSA 284-B:17, IV(a).

34 (e) If applicable, the documentation related to a similar gaming license, registration,  
35 permit, or other authorization required of a gaming licensee applicant under RSA 284-B:17, IV(c).

36 (f) Such other information as the commission shall deem relevant to its consideration of  
37 the application.

1 II. Upon a determination by the commission that a key employee license application is  
2 complete in accordance with RSA 284-B:19, the commission shall request that the attorney general  
3 commence an investigation into the suitability of the applicant in accordance with RSA 284-B:20. In  
4 conducting its background investigation the attorney general shall consider the suitability of the  
5 applicant including, but not limited to:

6 (a) Financial stability.

7 (b) Good character, honesty, and integrity.

8 (c) Business ability and gaming experience.

9 (d) Whether the applicant is disqualified from receiving a license under RSA 284-B:21.

10 (e) The applicant's ability, if required, to demonstrate rehabilitation in accordance with  
11 RSA 284-B:21.

12 III. Upon receipt of the report of the attorney general on an applicant's suitability to hold a  
13 key employee license the commission shall conduct a licensing hearing in accordance with rules  
14 adopted pursuant to 284-B:22 of this chapter to determine whether the applicant meets the  
15 standards for licensure set forth in this chapter. In any decision by the commission relating to the  
16 issuance of a license, the commission shall consider the attorney general's report provided pursuant  
17 to RSA 284-B:20, XI provided that, notwithstanding any other provision of law, no person shall be  
18 issued or hold such a license under this chapter if in the opinion of the attorney general such person  
19 is not suitable to hold such license.

20 284-B:27 Gaming Employee Registration.

21 I. A gaming employee seeking to register with the commission shall submit to the  
22 commission the following information, documentation, and assurances with regard to qualification  
23 under this chapter:

24 (a) A description of the applicant's employment responsibilities.

25 (b) A fully executed and complete application on forms prescribed by the commission. An  
26 application shall be deemed complete in accordance with rules adopted pursuant to RSA 284-B:19.

27 (c) All documentation, fingerprints and consents required of a gaming license applicant  
28 under RSA 284-B:12, III(b)(1) through (2).

29 (d) If applicable, the documentation related to a similar gaming license, registration,  
30 permit or other authorization required of a gaming licensee applicant under RSA 284-B:17, IV(c).

31 (e) Such other information as the commission shall deem relevant to its consideration of  
32 the application.

33 II. Upon a determination by the commission that a gaming employee registration  
34 application is complete in accordance with RSA 284-B:19 the commission may request that the  
35 attorney general commence an investigation into the suitability of the applicant or conduct within  
36 the commission such other form of review as it deems appropriate. The commission shall register  
37 the applicant provided it is able to establish, at a minimum:

1 (a) Good character, honesty, and integrity.

2 (b) That the applicant is not disqualified from receiving a license under rules adopted  
3 pursuant to RSA 284-B:21 or is rehabilitated in accordance with rules adopted pursuant to RSA 284-  
4 B:21 of this chapter.

5 284-B:28 Non-Gaming Employee Permit.

6 I. A non-gaming employee seeking to be permitted by the commission shall submit to the  
7 commission the following information, documentation, and assurances with regard to qualification  
8 under this chapter.

9 (a) A description of the applicant's employment responsibilities.

10 (b) A fully executed and complete application on forms prescribed by the commission.

11 An application shall be deemed complete in accordance with rules adopted pursuant to 284-B:19.

12 (c) All fingerprints and consents required of a gaming license applicant under RSA 284-  
13 B:17, III(b)(2).

14 (d) Such other information as the commission shall deem relevant to its consideration of  
15 the application.

16 II. Upon a determination by the commission that a non-gaming employee permit application  
17 is complete in accordance with rules adopted pursuant to RSA 284-B:19, the commission shall permit  
18 the applicant provided it is able to establish that the applicant is not disqualified from receiving a  
19 permit under rules adopted pursuant to RSA 284-B:21 or is rehabilitated in accordance with rules  
20 specific to permit applications adopted pursuant to RSA 284-B:21.

21 284-B:29 Persons Doing Business with a Gaming Licensee

22 I. The commission shall adopt rules consistent with this chapter relating to:

23 (a) A system of classification for persons doing business with a gaming applicant or  
24 gaming licensee, which classification system shall include, but need not be limited to, a gaming  
25 vendor license and non-gaming vendor registrant, based upon product type, amount of business  
26 conducted, access to the gaming floor or any restricted area, or such other criteria deemed relevant  
27 by the commission.

28 (b) Application, investigation, and review process.

29 (c) Application, investigation, and renewal fees for each category of license or registration  
30 consistent with the annual fee schedule adopted and published by the commission.

31 (d) Exemption criteria and processes.

32 (e) An interim authorization and emergency authorization processes.

33 (f) Standards of review.

34 (g) Administrative procedures applicable to the conduct of hearings related to a key  
35 license, gaming employee registration and non-gaming employee permit including, but not limited to:

36 (1) Rules of evidence;

37 (2) Notice requirements;

1 (3) Rules permitting an applicant to raise an objection to the conduct of a hearing  
2 procedure, process or ruling of the commission; and

3 (4) Any delegation of commission authority specific to a registration.

4 (h) An abbreviated investigative process under RSA 284-B:22 applicable to any license,  
5 registration or authorization granted pursuant to this section.

6 (i) Such other procedures as are necessary to efficiently implement and administer this  
7 paragraph.

8 II. A gaming vendor license, a non-gaming vendor registration and any other vendor-related  
9 authorization issued pursuant to this chapter shall expire 5 years from the date of issuance subject  
10 to renewal pursuant to this chapter.

11 III. The commission may exempt a person or type of business from the requirements of this  
12 section if the board determines the following:

13 (a) The person or type of business is regulated by an agency of the federal government,  
14 an agency of the state, the New Hampshire supreme court, or any other regulatory oversight deemed  
15 sufficient by the commission.

16 (b) The regulation of the person or type of business is determined not to be necessary in  
17 order to protect the public interest or the integrity of gaming.

18 IV. The commission may require an employee of a vendor required to be licensed, registered,  
19 or otherwise authorized under this section to become licensed, registered, or otherwise authorized  
20 under this section if, after an analysis of the duties, responsibilities, and functions of the vendor  
21 employee it determines that action to be necessary to protect the integrity of gaming.

22 V. The commission may permit a vendor required to be licensed, registered, or otherwise  
23 authorized under this section to engage in business with an applicant or gaming licensee prior to  
24 being licensed, registered, or otherwise authorized under this section if all of the following criteria  
25 have been satisfied:

26 (a) A complete application has been filed with the commission.

27 (b) The gaming applicant or gaming licensee contracting or doing business with the vendor  
28 certifies to the commission that it has performed due diligence on the person and believes that the  
29 applicant meets the qualification to be a licensed, registered, or otherwise authorized under this section.

30 (c) The person required to be licensed, registered, or otherwise authorized under this section  
31 agrees in writing that the grant of interim authorization to conduct business prior to commission action  
32 on its application does not create a right to continue to engage in business if the commission determines  
33 that the applicant is not suitable or continued authorization is not in the public interest.

34 (d) Nothing in this section shall be construed to prohibit the commission from rescinding  
35 a grant of interim authorization if, at any time, the suitability of the person subject to interim  
36 authorization is at issue or if the person fails to cooperate with the commission, the attorney general,  
37 the division of state police or their agent.

1 VI. The commission shall establish a master vendor list to monitor all vendor contracts with  
2 a gaming licensee which master list will also identify prohibited vendors.

3 (a) An gaming applicant or gaming licensee may not enter into an agreement or engage  
4 in business with a person listed on the prohibited vendor list.

5 (b) The commission may prohibit a person required to be licensed, registered, or  
6 otherwise authorized under this section from doing business with a gaming licensee if that person  
7 fails to submit an application under this chapter.

8 (c) The commission may terminate any contract that has been entered into with an  
9 unlicensed or unregistered gaming or non-gaming vendor.

10 VII. A gaming applicant or gaming licensee may utilize a vendor that has not been licensed,  
11 registered, or otherwise authorized under this section by the commission when a threat to public  
12 health, welfare, or safety exists or circumstances outside the control of the applicant or gaming  
13 licensee require immediate action to mitigate damage or loss to the gaming location or to the state.  
14 Any rules adopted shall include a requirement that the applicant or gaming licensee contact the  
15 board immediately upon utilizing a vendor that would otherwise require licensing under this  
16 chapter.

17 VIII. A person doing business with a gaming applicant or gaming licensee required to be  
18 licensed, registered, or otherwise authorized under this section shall have the continuing duty to  
19 provide any assistance or information required by the commission, the attorney general or the  
20 division of state police and to cooperate in any inquiry, investigation, or hearing conducted by the  
21 commission. If, upon issuance of a formal request to answer or produce information, evidence, or  
22 testimony, a person doing business with an gaming applicant or gaming licensee required to be  
23 licensed, registered or otherwise authorized under this section refuses to comply, the application,  
24 license, registration, or authorization of such person may be denied, suspended, or revoked.

25 IX. In any decision relating to a gaming vendor license or non-gaming vendor registration  
26 the commission shall consider the attorney general's report provided pursuant to RSA 284-B:20;  
27 provided that, notwithstanding any other provision of law, no person shall be issued or hold a license  
28 under this chapter if in the opinion of the attorney general such person is not suitable to hold a  
29 license.

30 X. Any licensing determination including, but not limited to, that related to a gaming vendor  
31 license or gaming vendor registration shall be made by majority vote of eligible commission  
32 members. Any commission member who has a personal or business conflict with any application  
33 shall not vote on such application.

34 XI. Any decision of the commission approving an application, approving an application with  
35 conditions, or denying an application under this section shall be issued by the commission within 30  
36 days of the conclusion of the hearing conducted pursuant to this section and is a final, binding, non-  
37 appealable determination which is not subject to legal challenge except as permitted by this chapter.

1 XII. Any award by the commission of a license, registration, permit, or other employee  
2 authorization shall be evidenced by a written decision.

3 XIII.(a) Within 30 days after any order or decision has been made by the commission, any  
4 party to the action or proceeding before the commission, or any person directly affected thereby, may  
5 apply for a rehearing in respect to any matter determined in the action or proceeding, or covered or  
6 included in the order, specifying in the motion all grounds for rehearing, and the commission may  
7 grant such rehearing if in its opinion good reason for the rehearing is stated in the motion.

8 (b) Such motion shall set forth fully every ground upon which it is claimed that the  
9 decision or order complained of is unlawful or unreasonable. No appeal from any order or decision of  
10 the commission shall be taken unless the appellant shall have made application for rehearing as  
11 herein provided, and when such application shall have been made, no ground not set forth therein  
12 shall be urged, relied on, or given any consideration by the court, unless the court for good cause  
13 shown shall allow the appellant to specify additional grounds.

14 (c) Upon the filing of such motion for rehearing, the commission shall within 10 days  
15 either grant or deny the same, or suspend the order or decision complained of pending further  
16 consideration, and any order of suspension may be upon such terms and conditions as the  
17 commission may prescribe.

18 (d) Within 30 days after the application for a rehearing is denied, or, if the application is  
19 granted, then within 30 days after the decision on such rehearing, any party aggrieved or dissatisfied by  
20 any final decision of the commission under this section shall have the right to appeal from a final decision  
21 to the superior court. The petition shall set forth the grounds on which such claim is made.

22 XIV. The appellant's burden of proof in any appeal to the superior court under this section  
23 shall be as provided for by RSA 541:13.

24 XV. The division of state police shall promptly notify the commission in the event an  
25 applicant for or gaming vendor licensee or non-gaming vendor registrant is arrested for a crime or  
26 offense in this state after the date the background check was performed.

27 XVI. The commission may require a non-gaming vendor conducting over \$100,000 of  
28 business with a gaming licensee within a 12-month period or \$250,000 of business with a gaming  
29 licensee within a 3-year period to be licensed as a gaming vendor.

30 XVII. The commission may require a registered non-gaming vendor to be licensed as a gaming  
31 vendor if, after an analysis of the functions of the vendor and its relationship with the gaming applicant  
32 or gaming licensee it determines that action to be necessary to protect the integrity of gaming.

33 XVIII. A gaming vendor license, a non-gaming vendor registration and any other authorization  
34 for which a completed renewal application and fee, if required, has been received by the commission shall  
35 continue in effect unless and until the commission sends written notification to the holder that the  
36 commission has denied the renewal of the gaming license, registration or authorization.

1 I. In connection with a gaming vendor license the commission shall be authorized to  
2 exchange fingerprint data with, and to receive criminal history record and background information  
3 from, the department of safety, division of state police, the office of the attorney general, the Federal  
4 Bureau of Investigation or other source consistent with applicable federal and state laws and rules.

5 II. A gaming applicant or gaming licensee shall not conduct business with a person required  
6 to be licensed as a gaming vendor pursuant to this chapter unless the person is licensed by the  
7 commission or otherwise authorized to engage in business with an applicant or the gaming licensee  
8 in accordance with RSA 284-B:29, V(a)-(d).

9 III. A gaming vendor license applicant shall submit to the commission the following  
10 information, documentation and assurances with regard to qualification under this chapter:

11 (a) A description of the applicant's business relationship with a gaming licensee.

12 (b) A fully executed and complete application on forms prescribed by the commission.  
13 An application shall be deemed complete in accordance with rules issued pursuant to RSA 284-B:19.

14 (c) All documentation, fingerprints, and consents required of a gaming license applicant  
15 under 284-B:17, III of this chapter.

16 (d) All documentation required of a gaming license applicant under RSA 284-B:17, IV(a).

17 (e) The documentation related to a similar gaming license, registration, permit, or other  
18 authorization required of a gaming licensee applicant under RSA 284-B:17, IV(c).

19 (f) If the applicant for a gaming vendor license is a corporation, limited liability company  
20 or other form of business enterprise, all documentation required of a gaming license applicant under  
21 RSA 284-B:17, VI and RSA 284-B:17, VII.

22 (g) Such other information as the commission shall deem relevant to its consideration of  
23 the application.

24 IV. Upon a determination by the commission that a gaming vendor license application is  
25 complete in accordance with RSA 284-B:19, the commission shall request that the attorney general  
26 commence an investigation into the suitability of the applicant in accordance with RSA 284-B:20. In  
27 conducting its background investigation the attorney general shall consider the suitability of the  
28 applicant including, but not limited to:

29 (a) Financial stability.

30 (b) Good character, honesty, and integrity.

31 (c) Business ability and gaming experience.

32 (d) If applicable, the applicant's history of compliance in other regulated gaming  
33 jurisdictions including, but not limited to, a letter of reference or sworn statement of good standing  
34 produced in accordance with RSA 284-B:17, IV(c).

35 (e) Whether the applicant is disqualified from receiving a license under RSA 284-B:21.

36 (f) The applicant's ability, if required, to demonstrate rehabilitation in accordance with  
37 RSA 284-B:21.



1 V. Upon receipt of the report of the attorney general on an applicant's suitability to hold a  
2 gaming vendor license the commission shall conduct a licensing hearing in accordance with rules  
3 adopted pursuant to RSA 284-B:29 to determine whether the applicant meets the standards for  
4 licensure set forth in this chapter. In any decision by the commission relating to the issuance of a  
5 gaming vendor license, the commission shall consider the attorney general's report provided  
6 pursuant to RSA 284-B:20; provided that notwithstanding any other provision of law, no person shall  
7 be issued or hold a license under this chapter if in the opinion of the attorney general such person is  
8 not suitable to hold such a license.

9 284-B:31 Non-Gaming Vendor Registration.

10 I. In connection with a non-gaming vendor registration the commission shall be authorized  
11 to exchange fingerprint data with, and to receive criminal history record and background  
12 information from, the division of state police, the attorney general, the Federal Bureau of  
13 Investigation or other source consistent with applicable federal and state laws and rules.

14 II. A gaming applicant or gaming licensee shall not conduct business with a person required  
15 to be registered as a non-gaming vendor pursuant to this chapter unless the person is registered  
16 with the commission.

17 III. A non-gaming vendor seeking to register with the commission shall submit to the  
18 commission the following information, documentation, and assurances with regard to qualification  
19 under this chapter.

20 (a) A description of the applicant's business relationship with a applicant or gaming  
21 licensee.

22 (b) A fully executed and complete application on forms prescribed by the commission. An  
23 application shall be deemed complete in accordance with rules adopted pursuant to RSA 284-B:19.

24 (c) All documentation, fingerprints, and consents required of a gaming license applicant  
25 under RSA 284-B:17, III(b)(1)-(2).

26 (d) The documentation related to a similar gaming license, registration, permit, or other  
27 authorization required of a gaming licensee applicant under RSA 284-B:17, IV (c).

28 (e) Such other information as the commission shall deem relevant to its consideration of  
29 the application.

30 IV. Upon a determination by the commission that a non-gaming vendor registration  
31 application is complete in accordance with RSA 284-B:19, the commission shall register the applicant  
32 provided it is able to establish, at a minimum:

33 (a) Good character, honesty, and integrity.

34 (b) If applicable, the applicant's history of compliance in other regulated gaming  
35 jurisdictions including, but not limited to, a letter of reference or sworn statement of good standing  
36 produced in accordance with RSA 284-B:17, IV(c) of this chapter.

37 (c) Whether the applicant is disqualified from receiving a license under RSA 284-B:21.

1 (d) That the applicant is not disqualified from receiving a registration under rules  
2 adopted pursuant to RSA 284-B:21 or is rehabilitated in accordance with rules adopted pursuant to  
3 RSA 284-B:21.

4 284-B:32 Issuance of an Operation Certificate to a Gaming Licensee.

5 I. A gaming licensee shall not commence slot machine and table operations at a gaming  
6 location without an operation certificate issued by the commission.

7 II. An operation certificate shall specify the date and time at which gaming operations may  
8 commence and shall fix the maximum square footage of the gaming floor, the maximum number of  
9 slot machines, and the maximum number of table games that may be operated by a gaming licensee  
10 under the operation certificate. Once an operation certificate is issued by the commission, a gaming  
11 licensee may not exceed the maximum square footage of gaming floor, slot machines, or table games  
12 specified therein without the prior approval of the commission.

13 III. The commission may amend, modify, restrict, or limit an operation certificate and may  
14 remove any restriction, limitation, or condition imposed on an operation certificate at any time  
15 consistent with the purposes of this chapter and the rules adopted thereunder.

16 IV. The commission shall issue an operation certificate where it determines that the gaming  
17 licensee has satisfied all conditions precedent to the commencement of gaming operations  
18 enumerated in its statement of conditions, this chapter and the rules adopted by the commission  
19 including the following requirements:

20 (a) That the gaming location complies with the provisions of this chapter and any  
21 relevant rules adopted by the commission relative to:

22 (1) Communication systems and the ability of persons at the gaming location to  
23 timely communicate with the commission, all law enforcement exercising criminal or regulatory  
24 jurisdiction over the gaming location, and emergency first responders;

25 (2) A commission approved surveillance system and function:

26 (A) Configured to provide adequate and effective surveillance of all slot machines  
27 and table games on the gaming floor;

28 (B) Enabled with a digital video recording format;

29 (C) Equipped with a monitoring station, for the exclusive use of the commission  
30 and division of state police gaming enforcement unit, configured with full camera control capability  
31 over the surveillance system and able to establish priority over a camera controlled by the gaming  
32 licensee; and

33 (D) Meeting any minimum staffing requirements.

34 (3) A commission approved security system including required alarm systems and  
35 meeting any minimum staffing requirements;

36 (4) An area for the detention of individuals taken into custody by any federal, state  
37 or local law enforcement agency exercising proper jurisdiction over the gaming location;

1 (5) Signage;

2 (6) A count room and such other commission approved secure facilities as may be  
3 required by the commission for the counting and storage of cash, tickets, checks, and other devices or  
4 items of value used in wagering and for the inspection, counting, and storage of cards, dice, chips,  
5 and other representatives of value;

6 (7) Office space for use by the commission and division of state police gaming  
7 enforcement unit located within the gaming location in an area satisfactory to the commission and  
8 equipped as specified by the commission including, at a minimum, computer terminals permitting  
9 read-only access by authorized commission staff to any computerized video lottery monitoring  
10 system, casino management system or player tracking system used by the gaming licensee; and

11 (8) If the commission elects to acquire a central computer system, data center space  
12 for that system:

13 (A) Equipped with system appropriate HVAC;

14 (B) Supplied with system appropriate power including an uninterruptible back-  
15 up power supply; and

16 (C) Subject to surveillance coverage and secured in a manner satisfactory to the  
17 commission.

18 (b) All slot machines, associated equipment, and table game devices have been tested,  
19 certified, or otherwise accepted or approved in accordance with this chapter and the rules adopted by  
20 the commission.

21 (c) A floor plan depicting its gaming floor, all restricted areas, automatic teller machines,  
22 and lottery ticket vending locations has been received and reviewed and/or approved in accordance  
23 with this chapter and rules adopted by the commission.

24 (d) The gaming licensee's system of internal control, gaming equipment procedures and  
25 technical standards, rules of the games, security and surveillance procedures, and any other pre-  
26 opening submissions have been received and reviewed and/or approved in accordance with this  
27 chapter and rules adopted by the commission.

28 (e) The gaming licensee is prepared to implement all operating procedures and systems,  
29 including but not limited to, accounting and internal controls, and surveillance and security  
30 procedures necessary to insure the safe conduct of slot machine and table game operations.

31 (f) The gaming licensee's employees are licensed, registered, or permitted by the  
32 commission as required and trained in the performance of their responsibilities.

33 (g) The gaming location is prepared in all respects to receive the public.

34 (h) The gaming licensee has successfully completed a test period.

35 (i) The gaming licensee has filed an emergency response plan with the commission, the  
36 division of state police gaming enforcement unit, and the fire department and police department of  
37 the host community which includes:

1 (1) A layout identifying all relevant areas of the gaming location's safety support  
2 systems and internal and external access routes;

3 (2) The location and inventory of emergency response equipment and the contact  
4 information of the emergency response coordinator for the gaming licensee;

5 (3) The location of any hazardous substances and a description of any public health  
6 or safety hazards present on site;

7 (4) A description of any special equipment needed to respond to an emergency at the  
8 gaming location;

9 (5) An evacuation plan; and

10 (6) Any other information relating to emergency response requested by the  
11 commission, the division of state police gaming enforcement unit, or the fire department or the police  
12 department of the host community.

13 (j) The gaming licensee has complied with any additional conditions precedent to the  
14 commencement of gaming operations imposed by the commission.

15 V. The commission may issue an operation certificate to a temporary gaming location and  
16 may, on its own initiative, waive, relax, or permit deviations from the requirements of this chapter in  
17 accordance with rules consistent with this chapter.

18 VI. A gaming licensee shall obtain an operation certificate for a permanent facility within 18  
19 months of the date of issuance of an operation certificate on a temporary gaming location, unless an  
20 extension is granted pursuant to paragraph VIII.

21 VII. A gaming licensee shall be responsible for all costs associated with the transition from a  
22 temporary gaming location to a permanent gaming location, including the cost of relocation of the  
23 commission's and division of state police gaming enforcement unit's on-site offices and any central  
24 computer system.

25 VIII. If the commission determines upon the written petition of a gaming licensee that  
26 extenuating circumstances beyond the control of the gaming licensee have prevented the gaming  
27 licensee from complying with the permanent facility requirements of paragraph VI, the commission:

28 (a) May approve an extension of 6 months to comply.

29 (b) May not grant more than 2 extensions to a gaming licensee under this section.

30 IX. If a gaming licensee fails to timely obtain an operation certificate on a permanent  
31 gaming location, including any commission approved extensions, its gaming license shall be revoked  
32 and shall revert to the state.

33 284-B:33 A Gaming Licensee's System of Internal Controls.

34 I. A gaming licensee shall submit to the commission a written description of its system of  
35 administrative and accounting procedures over slot machine and table game operations  
36 (collectively its "internal controls") at least 90 days before slot machine or table game operations  
37 are to commence.

1           II. A gaming licensee's internal controls shall, at a minimum, be designed to achieve the  
2 following safeguards by providing for the following:

3           (a) Secure its assets and revenues.

4           (b) Reliable records, accounts, and reports on any transaction or financial event that  
5 occurs in the operation of a slot machine or table game.

6           (c) If the commission elects to employ a central computer system, ensure that each slot  
7 machine and fully automated electronic gaming table directly provides or communicates all required  
8 activities and financial details to the central computer system.

9           (d) Ensure that transactions or financial events which occur in the operation of a slot  
10 machine or table game are recorded as necessary to permit preparation of financial statements in  
11 conformity with generally accepted accounting principles in the United States, this chapter and the  
12 rules issued thereunder.

13           (e) Ensure any transaction or financial event that occurs in the operation of a slot  
14 machine or table game is performed only in accordance with a gaming licensee's general or specific  
15 authorization as represented to the commission in its internal controls.

16           (f) Ensure that any transaction or financial event that occurs in the operation of a slot  
17 machine and table game is recorded adequately to permit proper and timely reporting of gross  
18 revenue and the calculation of fees, taxes and assessments related thereto.

19           (g) Ensure that access to assets is permitted only in accordance with a licensee's general  
20 or specific authorization as represented to the commission in its internal controls.

21           (h) Ensure that recorded accountability for assets is compared with actual assets at  
22 reasonable intervals and appropriate action is taken with respect to any discrepancy.

23           (i) Ensure that all functions, duties, and responsibilities relating to slot machine or table  
24 game operations are appropriately segregated and performed in accordance with sound financial  
25 practices by competent, qualified personnel.

26           (j) Establish comprehensive procedures addressing all transactions and reconciliations that  
27 routinely occur in the operation of a slot machine or table game including, but not limited to, the  
28 following:

29           (1) The receipt, storage and disbursal of cash, cash equivalents, and chips used in  
30 table games;

31           (2) Conversion of a cash equivalent to cash;

32           (3) Redemption of chips and other representations of value at a table game and the  
33 payment of winnings and prizes;

34           (4) Recording of financial transactions pertaining to a table game;

35           (5) Transfer of chips and cash equivalents between a gaming table and the cashier's cage;

36           (6) Transfer of a drop box from a gaming table to the count room and a slot cash  
37 storage box from a slot machine to the count room;

- 1 (7) Payment of a manual jackpot and redemption of a ticket;  
2 (8) Counting and recording of gross slot machine and table game revenue; and  
3 (9) Collection and recording of revenue from poker and other table games when  
4 played as non-banked games, including the type of rake utilized and the methodology for calculating  
5 the amount of rake.

6 (k) Establish procedures and security standards for the receipt, use, and storage of table  
7 game devices and associated equipment used in connection with table game and slot machine operations;

8 (l) Establish procedures and rules governing the conduct of each table game and the  
9 responsibility of employees in the conduct of each table game;

10 (m) Ensure, through the use of surveillance and security departments, that a gaming  
11 location is secure during normal operations and during any emergencies due to malfunctioning  
12 equipment, loss of power, natural disaster, or any other cause.

13 III. A gaming licensee's system of internal controls shall ensure the safeguards enumerated  
14 in paragraph II and the written description submitted to the commission pursuant to paragraph I  
15 shall include, at a minimum:

16 (a) Organization charts depicting the appropriate segregation of functions and  
17 responsibilities between departments involved in the conduct of slot machine and table game operations.

18 (b) A description of the duties and responsibilities of each employee position shown on  
19 the organization charts, their respective lines of authority and whether that position requires a key  
20 employee license, gaming employee registration, non-gaming employee permit or other commission  
21 licensing designation.

22 (c) Procedures addressing the transactions, controls, and assurances enumerated in  
23 paragraph II.

24 (d) A record retention policy addressing retention, storage and destruction of books,  
25 records and documents.

26 (e) Procedures governing the authorization and documentation of gaming-related  
27 promotions to be offered by the gaming licensee.

28 (f) Policies related to prevention of prohibited political contributions in accordance with  
29 RSA 284-B:50 and the annual certification to the commission required by that section.

30 (g) Such other information, narratives, documents, or assurances as shall be required by  
31 the commission.

32 IV. An initial internal control submission submitted pursuant to paragraph I shall be  
33 accompanied by the following attestations and reports:

34 (a) An attestation by the gaming licensee's chief executive officer or a designee with a  
35 direct reporting relationship to the chief executive officer attesting that the officer believes, in good  
36 faith, that the submitted internal controls conform to the requirements of the chapter and the rules  
37 issued by the commission.

1 (b) An attestation by the chief financial officer or a designee with a direct reporting  
2 relationship to the chief financial officer attesting that the officer believes, in good faith, that the  
3 submitted internal controls are designed to provide reasonable assurance that financial reporting  
4 conforms to generally accepted accounting principles in the United States and complies with  
5 applicable laws and regulations, including this chapter and the rules issued by the commission.

6 (c) A report from an independent registered public accounting firm licensed to practice in  
7 New Hampshire expressing an opinion regarding:

8 (1) The effectiveness of the design of the submitted system of internal controls over  
9 financial reporting; and

10 (2) Whether the submitted system of internal controls materially deviates from the  
11 requirements of applicable laws, rules, and regulations, this chapter and the rules issued by the  
12 commission.

13 V. Any change to a gaming licensee's internal controls shall be submitted to the commission  
14 along with the certifications required by paragraph IV(a) and (b) at least 10 calendar days prior to  
15 implementation. If the commission does not interpose an objection in writing, the gaming licensee  
16 may implement the precise change submitted on the eleventh day following the date of submission to  
17 the commission.

18 284-B:34 A Gaming Licensee's Books, Records and Documents .

19 I. A gaming licensee shall maintain and retain all books, records, and documents pertaining  
20 to the operation of slot machines and table games in accordance with such rules and at such location  
21 as shall be authorized by the commission.

22 II. A gaming licensee shall maintain all books, records, and documents pertaining to the  
23 operation of slot machines and table games immediately available for inspection upon request of the  
24 commission, the division of state police gaming enforcement unit, the attorney general or agents  
25 thereof during all hours of operation.

26 III. No later than 2 days after the date of filing with the applicable agency, a gaming  
27 licensee shall file with the commission a copy of each Suspicious Activity Report-Casino and  
28 Currency Transaction Report by Casino filed under 31 C.F.R. sections 1000-1099.

29 284-B:35 Prohibition on Credit and Play with Credit Cards or Debit Cards.

30 I. A gaming licensee shall not extend credit to a player at a gaming location.

31 II. A gaming licensee shall not permit or enable in any way the direct use of credit cards or  
32 debit cards by a player at a slot machine or table game.

33 III. No credit card or debit card advance machine, kiosk, or booth shall be located on or  
34 within 100 feet of a gaming floor.

35 IV. No automatic teller machine shall be located on or within 100 feet of a gaming floor.

36 V. A player may use a credit card or a debit card at a gaming location to purchase chips, slot  
37 machine credits, or table game credits or for an advance of cash to be used at a slot machine or table

1 game, provided the purchase or advance is processed by a payment processor licensed and classified  
2 as a gaming vendor providing services ancillary to gaming.

3 284-B:36 Complimentary Services.

4 I. The commission shall adopt rules consistent with this chapter relating to the direct or  
5 indirect offer by a gaming licensee to a player and a player's guests of complimentary services. The  
6 rules shall require a gaming licensee to provide such information as the commission shall require  
7 with regard to complimentary services at least quarterly and shall further require more timely and  
8 detailed disclosure to the commission where a player or a player's guests receive complimentary  
9 services valued in excess of \$2,000 over a specified period.

10 II. A gaming licensee is prohibited from directly or indirectly offering alcoholic beverages  
11 free of charge for consumption on its gaming floor.

12 III. The gaming licensee shall comply with the provisions of RSA 179:44, I, prohibiting the  
13 provision of free drinks in any part of the gaming location.

14 284-B:37 Betting Limits and Disclosure Requirements Applicable to a Cashless Wagering  
15 System.

16 I. A gaming licensee utilizing a cashless wagering system to facilitate cashless wagering  
17 accounts shall allow a player to monitor and impose betting limits on his or her cashless wagering  
18 account including, but not limited to, per bet limits, hourly limits, daily limits, weekly limits, and  
19 monthly limits. A player may decrease and increase limits in the exercise of his or her discretion  
20 provided, however, that a player shall not increase a betting limit more than once in a 24-hour period.

21 II. A gaming licensee shall issue to a player who utilizes a cashless wagering system a  
22 monthly statement, mailed to the player at the player's physical mailing address, which shall  
23 include the player's total bets, wins, and losses as recorded by the cashless wagering system,  
24 provided, however, that a player shall be given the opportunity to decline receiving a monthly  
25 statement during the process of opening a wagering account, provided, however, that a player who  
26 elects to receive a monthly statement may thereafter opt out of receiving monthly statements by  
27 providing a written request to cease monthly statements to a gaming licensee.

28 III. A gaming licensee offering a cashless wagering system shall annually report to the  
29 commission the amount of money spent and lost by players with wagering accounts aggregated by  
30 zip code. Activity under this section shall be monitored by the commission.

31 IV. An individual who has self-excluded under this chapter shall not open a cashless  
32 wagering account.

33 284-B:38 Disclosure Requirements Applicable to a Player Tracking System.

34 I. A gaming licensee utilizing a player tracking system to facilitate a player incentive  
35 program shall issue to a player who participates in its incentive program a monthly statement,  
36 mailed to the player at the player's postal mailing address, which shall include the player's total  
37 bets, wins, and losses as recorded by the player tracking system.



1 (a) A player shall be given the opportunity to decline receiving a monthly statement  
2 during the process of joining the incentive program.

3 (b) A player who elects to receive a monthly statement may thereafter opt out of  
4 receiving monthly statements by providing a written request to cease monthly statements to a  
5 gaming licensee.

6 II. A gaming licensee utilizing a player tracking system to facilitate a player incentive  
7 program shall annually report to the commission the amount of money spent and lost by players  
8 participating in its incentive program aggregated by zip code. Activity under this section shall be  
9 monitored by the commission.

10 III. An individual who has self-excluded under this chapter shall not be permitted to join or  
11 otherwise participate in an incentive program offered by a gaming licensee.

12 284-B:39 Tips and Gratuities.

13 I. The commission shall adopt rules consistent with applicable state law relating to the  
14 acceptance, accounting for, and distribution of tips and gratuities received by an employee of a  
15 gaming licensee from a player at a slot machine or table game.

16 II. No key employee, box person, floor person, or other gaming employee who serves in a  
17 supervisory position shall solicit or accept, and no employee may solicit, a tip or gratuity from a  
18 player at a slot machine or table game.

19 284-B:40 Exclusion of Individuals Under the Age of 21 from a Gaming Location.

20 I. Except as provided in paragraph II, no individual under the age of 21 shall be permitted access  
21 to a gaming floor or restricted area or to otherwise place a wager on a slot machine or table game.

22 II. An individual 18 years or older who is a commission licensed, registered, or permitted  
23 employee of a gaming licensee may access a gaming floor or restricted area only at such times and to  
24 the extent necessary to perform the duties the individual was employed to perform.

25 III. No gaming licensee shall conduct marketing and promotional communications or  
26 otherwise target or incite to gamble an individual under the age of 21.

27 IV. An individual who is prohibited from gaming in a gaming location under this section  
28 shall not collect any winnings or recover any losses arising as a result of prohibited gaming winnings  
29 and any winnings shall be forfeited to the commission and deposited into the general fund.

30 V. A gaming licensee shall take all reasonable measures to prevent violations of the criminal  
31 code provisions related to gambling by individuals under the age of 21 including the provisions set  
32 forth in this chapter and at RSA 672.

33 284-B:41 Exclusion of an Individual from a Gaming Location.

34 I. The commission shall adopt rules consistent with this chapter relating to the exclusion of  
35 an individual from a gaming location including, but not limited to, standards for exclusion,  
36 administration of an exclusion list, and notice to gaming licensees of placement of an individual on  
37 the exclusion list.

1           II. In determining whether an individual should be excluded from a gaming location the  
2 commission shall assess whether the individual's presence in a gaming location is inimical or a  
3 potentially injurious threat to the interest of the state, the gaming licensee or both. The commission  
4 shall consider, at a minimum, the following factors:

5           (a) Whether an individual has been convicted of:

6               (1) A criminal offense under the laws of any state or the United States that is punishable  
7 by more than 6 months in a state prison, a house of correction, or any comparable incarceration;

8               (2) A crime of moral turpitude; or

9               (3) A violation of the gaming laws of any state.

10          (b) Whether an individual has violated or conspired to violate this chapter relating to:

11               (1) Failure to disclose an interest in a gaming licensee for which the individual is  
12 required to obtain a license; or

13               (2) Willful evasion of fees or taxes.

14          (c) Whether an individual has a notorious or unsavory reputation that would adversely affect  
15 public confidence and trust that the gaming industry is free from criminal or corruptive elements.

16          (d) Whether an individual's presence is otherwise inimical or a potentially injurious  
17 threat to the interests of the state, the gaming licensee or both.

18          III. No individual shall be placed by the commission on its exclusion list due to race, color,  
19 religion, national origin, ancestry, sexual orientation, disability, or sex.

20          IV. No gaming license shall conduct marketing and promotional communications or  
21 otherwise target or incent to gamble an individual placed by the commission on its exclusion list.

22          V. The commission may revoke, limit, condition, suspend, or fine a gaming licensee if the  
23 licensee knowingly or recklessly fails to exclude or eject from its gaming location an individual  
24 placed by the commission on its exclusion list.

25          VI. Whenever the commission places a name on the exclusion list, the commission shall  
26 serve written notice upon that individual by personal service, registered or certified mail return  
27 receipt requested to the last ascertainable address or by publication in a daily newspaper of general  
28 circulation for one week.

29          VII. Within 30 days of receipt of service by mail or 60 days after the last publication under  
30 paragraph VI an individual placed on the exclusion list may request an hearing before the  
31 commission and show cause as to why the individual should be removed from the exclusion list.  
32 Failure to demand a hearing within the time allotted in this section shall preclude the individual  
33 from having a hearing but shall not affect the individual's right to petition for judicial review.

34          VIII. Upon receipt of a demand for hearing, the commission shall set a time and place for the  
35 hearing. This hearing shall be held not later than 30 days after receipt of the demand for the  
36 hearing, unless the time of the hearing is changed by agreement of the commission and the  
37 individual demanding the hearing.

1 IX. If upon completion of the hearing the commission determines that the individual was  
2 wrongfully placed on the exclusion list, the commission shall remove the individual's name from the  
3 exclusion list and notify all gaming licensees. The decision shall be final.

4 X. Placement of an individual on the exclusion list shall be evidenced by a written decision.

5 XI.(a) Within 30 days after any order or decision has been made by the commission, any  
6 party to the action or proceeding before the commission, or any person directly affected thereby,  
7 may apply for a rehearing in respect to any matter determined in the action or proceeding, or  
8 covered or included in the order, specifying in the motion all grounds for rehearing, and the  
9 commission may grant such rehearing if in its opinion good reason for the rehearing is stated in  
10 the motion.

11 (b) Such motion shall set forth fully every ground upon which it is claimed that the  
12 decision or order complained of is unlawful or unreasonable. No appeal from any order or decision of  
13 the commission shall be taken unless the appellant shall have made application for rehearing as  
14 herein provided, and when such application shall have been made, no ground not set forth therein  
15 shall be urged, relied on, or given any consideration by the court, unless the court for good cause  
16 shown shall allow the appellant to specify additional grounds.

17 (c) Upon the filing of such motion for rehearing, the commission shall within 10 days  
18 either grant or deny the same, or suspend the order or decision complained of pending further  
19 consideration, and any order of suspension may be upon such terms and conditions as the  
20 commission may prescribe.

21 (d) Within 30 days after the application for a rehearing is denied, or, if the application  
22 is granted, then within 30 days after the decision on such rehearing, any party aggrieved or  
23 dissatisfied by any final decision of the commission under this section shall have the right to  
24 appeal from a final decision to the superior court. The petition shall specify the grounds on which  
25 such claim is made.

26 XII. The appellant's burden of proof in any appeal to the superior court under this section  
27 shall be as provided for by RSA 541:13.

28 XIII. An individual who is prohibited from gaming in a gaming location under this section  
29 shall not collect any winnings or recover any losses arising as a result of prohibited gaming winnings  
30 and any winnings shall be forfeited to the commission and deposited into the general fund.

31 XIV. A gaming licensee may also exclude or eject from its gaming location an individual who  
32 is known to it to have been convicted of a misdemeanor or felony committed in the gaming location.  
33 Nothing in this chapter shall limit the right of a gaming licensee to exercise its common law right to  
34 exclude or eject permanently from its gaming location an individual who disrupts its gaming  
35 operations, threatens the security of the gaming location or its employees, players and invitees or is  
36 disorderly or intoxicated.

37 284-B:42 Self-Exclusion By an Individual From a Gaming Location.

1 I. The commission shall establish and administer a list of individuals voluntarily electing to  
2 self-exclude themselves from a gaming location operated pursuant to this chapter. The commission  
3 may further adopt provisions expanding the availability of self-exclusion to games of chance  
4 conducted pursuant to RSA 287-D.

5 II. The commission shall adopt rules consistent with this chapter relating to the self-  
6 exclusion of an individual from a gaming location including, but not limited to, multiple time periods  
7 for self-exclusion, administration of, and removal from, the self-exclusion list, notice to gaming  
8 licensees of placement of an individual on the self-exclusion list and forfeiture of winnings and  
9 recovery of losses.

10 III. An individual may place his or her name on the self-exclusion list by filing a request  
11 with the commission acknowledging that they are a problem gambler and by agreeing that, during  
12 any period of voluntary exclusion, that they shall not collect any winnings or recover any losses  
13 resulting from any gaming activity at a gaming location operated pursuant to this chapter.

14 IV. No gaming license shall:

15 (a) Authorize and conduct marketing and promotional communications or otherwise  
16 target or incent to gamble an individual electing to place their name on the commission's self-  
17 exclusion list.

18 (b) Provide complimentary services, check cashing privileges, incentive program  
19 membership or other benefits to a person electing to place their name on the commission's self-  
20 exclusion list.

21 V. The commission may revoke, limit, condition, suspend or fine a gaming licensee if the  
22 licensee knowingly or recklessly fails to exclude or eject from its gaming location an individual  
23 electing to place their name on the commission's self-exclusion list.

24 VI. Notwithstanding any other general or special law to the contrary, the commission's list  
25 of individuals electing to place their name on the commission's self-exclusion list shall not be open to  
26 public inspection.

27 VII. A gaming licensee receiving notice from the commission that an individual has elected  
28 to place their name on the commission's self-exclusion list shall not be precluded from disclosing the  
29 identity of the self-excluding individual to affiliated gaming operations in other jurisdictions for the  
30 limited purpose of assisting in the proper administration of responsible gaming programs operated  
31 by affiliated gaming operations.

32 VIII. An individual who is prohibited from gaming in a gaming location under this section  
33 shall not collect any winnings or recover any losses arising as a result of prohibited gaming winnings  
34 and any winnings shall be forfeited to the commission and deposited into the general fund.

35 284-B:43 Authorized Gaming; Possession, Testing, and Certification.

36 I. This chapter shall not be construed to authorize any gaming other than in connection with  
37 a slot machine and table game meeting the requirements of this chapter.

1           II. The commission shall adopt rules consistent with this chapter relating to gaming  
2 equipment including, but not limited to, requirements addressing:

3           (a) Receipt, review, distribution, and the commission approval process associated with the  
4 certification reports issued by independent testing laboratories pursuant to paragraphs V and VI;

5           (b) If the commission elects to employ a central computer system, the communications  
6 protocol and technical standards applicable thereto.

7           (c) Mechanical and electrical reliability of slot machines and associated equipment.

8           (d) Security features preventing tampering with slot machines and associated equipment.

9           (e) Comprehensibility to the player of wagering options and rules of play.

10          (f) Noise and light levels generated by slot machines.

11          (g) Design features necessary to ensure the accurate recording of transactions, to protect  
12 a player from fraud or deception, and to minimize any potential negative consequences associated  
13 with the play of a slot machine including, but not limited to:

14           (A) A prohibition on the use of reflexive software which, for the purposes of this  
15 section, shall be defined as any software that has the ability to manipulate and/or replace a  
16 randomly generated outcome for the purposes of changing the result on a slot machine;

17           (B) A requirement that a slot machine utilize one, or a combination of more than  
18 one random number generators working collectively, to determine the occurrence of a specific card,  
19 number, symbol, or stop;

20           (C) A requirement that once a random selection has occurred that the slot machine  
21 display an accurate representation of the randomly selected outcome and that it be prohibited from  
22 making a secondary decision which affects the result shown to the player on the slot machine; and

23           (D) A requirement that where a slot machine includes a strategy choice, meaning  
24 that a particular play option requires use of skill to consistently achieve the best result, that the slot  
25 machine include in its rules of play sufficient information for a player to use optimal skill unless the  
26 player is not required to make an additional wager and cannot lose any credits earned prior to the  
27 strategy choice.

28          (h) Slot machine and table game circulation and density requirements including, but not  
29 limited to, those related to:

30           (1) Promotion of optimum physical safety, security, and the comfort of players;

31           (2) Creation and maintenance of a gracious playing environment; and

32           (3) Promotion of a competitive games mix.

33          (i) Progressive slot machines including multi-casino progressive systems.

34          (j) Commission review requirements and product approval standards related to table  
35 game devices.

36          (k) Rules of the game for each table game permitted under this chapter which include a  
37 prohibition on:

1           (1) Use of a shill or barker to induce an individual to enter a gaming floor or play a  
2 table game;

3           (2) A dealer in a table game in which cards are dealt to deal cards by hand or other  
4 than from a device specifically designed for that purpose unless otherwise permitted by the rules of  
5 the commission; and

6           (3) A key employee, gaming employee directly involved with the conduct of gaming  
7 operations, including but not limited to dealers, floor persons, box persons, security and surveillance  
8 employees, or any other individual so designated by the commission from wagering at the gaming  
9 location at which they are employed.

10           (l) Physical and logical access to computer systems, including but not limited to, systems  
11 meeting the definition of associated equipment and the location of the primary and back-up system  
12 attendant to each.

13           (m) Such other gaming equipment requirements as the commission shall deem  
14 appropriate.

15           III. A gaming licensee shall only possess, maintain, offer for play, or exhibit a slot machine,  
16 associated equipment, and table game devices on a gaming floor or in a restricted area approved by  
17 the commission for the installation, inspection, repair, or storage of such equipment, provided,  
18 however, that this limitation shall not apply to a licensed gaming vendor who operates a warehouse,  
19 showroom, or sales facility within the state subject to the approval of the commission.

20           IV. Notwithstanding the provisions of paragraph III, the commission may allow the  
21 collective hardware, software, communications technology, and other ancillary equipment used to  
22 facilitate a multi-casino progressive system to reside outside a gaming location in a secure facility  
23 inaccessible to the public and specifically designed for that purpose.

24           V. No slot machine shall be sold, leased, or distributed within the state or used by a gaming  
25 licensee to conduct gaming unless it is identical in all electrical, mechanical, and other respects to a  
26 prototype thereof that has been both:

27           (a) Tested and certified by an independent testing laboratory meeting the requirements  
28 of paragraph VIII as complying with the requirements of this chapter and the rules, technical  
29 standards, and testing protocols adopted by the commission; and

30           (b) Approved by the commission.

31           VI. No associated equipment shall be sold, leased, or distributed within the state or utilized  
32 by a gaming licensee to facilitate the operation of a slot machine, the conduct of a table game, or the  
33 calculation of gaming revenue unless a prototype thereof is both:

34           (a) Tested and certified by an independent testing laboratory meeting the requirements  
35 of paragraph VIII as complying with the requirements of this chapter and the rules, technical  
36 standards, and testing protocols adopted by the commission; and

37           (b) Approved by the commission.

1 VII. The cost of all testing and certification services required in accordance with paragraphs  
2 V and VI shall be paid by the licensed gaming vendor of the slot machine or associated equipment.

3 VIII. The commission shall periodically test slot machines and associated equipment installed at  
4 a gaming location and may utilize the services of independent testing laboratories to assist its staff in the  
5 performance of such testing. The gaming licensee shall pay the cost of such testing including, but not  
6 limited to, the cost of any independent testing laboratory services utilized by the commission.

7 IX. The commission shall utilize, and shall accept data, forensic reports, and certifications in  
8 accordance with paragraphs V, VI, and VII of this section from multiple independent testing  
9 laboratories provided each laboratory meets the following criteria:

10 (a) Holds a certificate in good standing for compliance with:

11 (1) International Organization for Standardization # 17025 — General  
12 Requirements for the Competence of Testing and Calibration Laboratories as amended, amplified, or  
13 substituted by that organization or a functional equivalent; and

14 (2) International Organization for Standardization # 17020 — General Criteria for  
15 the Operation of Various Types of Bodies Performing Inspections as amended, amplified, or  
16 substituted by that organization or a functional equivalent.

17 (b) Has performed testing and certification of gaming equipment, systems, and software  
18 on behalf of a state or tribal jurisdiction within the United States for a period of 5 or more years.

19 (c) Has been determined by the commission to be qualified in accordance with standards  
20 adopted by rules consistent with this chapter.

21 284-B:44 Payout Percentage.

22 I. No slot machine shall be sold, leased, or distributed within the state or used by a gaming  
23 licensee to conduct gaming unless it has been certified by an independent testing laboratory meeting  
24 the requirements of RSA 284-B:43, VIII as having a minimum theoretical payout percentage of 85  
25 percent and a maximum theoretical payout percentage of less than 100 percent.

26 II. A gaming licensee shall prominently post on its gaming floor information regarding the  
27 minimum theoretical payout percentage required by paragraph I of this section and such other  
28 disclosures to slot machine players as the commission shall deem in the best interest of slot machine  
29 players.

30 III. The commission shall require that each slot machine prominently display to slot  
31 machine players an award schedule disclosing the value of each winning combination.

32 284-B:45 Wagers; Table Games Gaming Guide.

33 I. A gaming licensee shall equip each gaming table with a sign indicating the permissible  
34 minimum and maximum wagers pertaining thereto.

35 II. A gaming licensee shall not accept a wager greater than the stated maximum or less than  
36 the stated minimum, provided, however, that a wager actually made by a player and not rejected by  
37 a gaming licensee prior to the commencement of play shall be treated as a valid wager.

1 III. A gaming licensee shall make available to any player upon request the complete text of  
2 any rules adopted by the commission regarding table games and the conduct of play, the pay-off of a  
3 winning wager, an approximation of the odds of winning for each wager, and such other disclosures  
4 to the player as the commission shall require. If requested by the player, the information required  
5 by this paragraph shall be made available in hard copy form at no cost to the player.

6 IV. A gaming licensee shall prominently post on its gaming floor such information regarding  
7 the conduct of table game play, the pay-off of a winning wager, an approximation of the odds of  
8 winning for each wager, and such other disclosures to the player as the commission shall require.

9 284-B:46 Gaming Ticket Expiration, Unclaimed Tickets, Cash, and Prizes.

10 I. A gaming licensee shall redeem a ticket issued by a slot machine for cash or a cash  
11 equivalent for a period of one year from the date of issuance of the ticket.

12 II. Upon the expiration of the one-year period in paragraph I, the value of the expired ticket  
13 shall revert to the state as an unclaimed prize.

14 III. A gaming licensee shall retain unclaimed cash and winnings for a player for a one-year  
15 period from the date of the transaction generating the cash or winnings.

16 IV. Upon the expiration of the one-year period in paragraph III, the value of the unclaimed  
17 cash or winnings shall revert to the state as unclaimed prizes.

18 V. The commission shall issue rules consistent with this chapter and the efficient  
19 administration of a gaming licensee's obligations hereunder with regard to the reversion of amounts  
20 to the state.

21 284-B:47 Junkets. No junket may be organized or permitted and no person may act as a junket  
22 representative or junket enterprise except as authorized by the commission under rules adopted  
23 pursuant to this chapter.

24 284-B:48 Gross Revenue Tax and Other Assessments Payable by a Gaming Licensee.

25 I. A gaming licensee shall remit to the state treasurer a tax of 35 percent of gross slot  
26 machine revenue and 18 percent of gross table game revenue in a manner and time as provided for  
27 by this chapter.

28 (a) Upon receipt of payment of taxes on gross slot machine revenue and gross table game  
29 revenue by a gaming licensee under this chapter and in accordance with a schedule established by  
30 the state treasurer, the state treasurer shall:

31 (1) Pay 3 percent of the gross slot machine revenue of the gaming licensee located in  
32 the host community to the host community;

33 (2) Pay one percent of the gross slot machine revenue of the gaming licensee to the  
34 New Hampshire community or communities that abut the host community, dividing such one  
35 percent for payment in equal shares if there is more than one abutting community; provided,  
36 however, that if a community abuts more than one host community, such abutting community shall  
37 only receive a percentage of gross slot machine revenue pursuant to this paragraph from that



1 gaming licensee who operates a gaming location in closer proximity to the abutting community as  
2 measured by distance between the gaming location and the town line of such abutting community;

3 (3) Pay one percent of the gross slot machine revenue of the gaming licensee to the  
4 county in which the host community is located;

5 (4) Pay one percent of the gross slot machine revenue to the commissioner of the  
6 department of health and human services to support programs established by RSA 172 to identify,  
7 assess, prevent, and treat both compulsive and problem gambling and the related disorders of drug  
8 and alcohol addiction;

9 (5) Return that part of the gross slot machine revenue remaining after the  
10 distributions provided in subparagraphs (1) through (4) to cities and towns in New Hampshire equal  
11 to the amounts determined in accordance with RSA 31-A:4, or if the remaining gross slot machine  
12 revenue is less than the amounts that would otherwise be payable in accordance with RSA 31-A:4,  
13 then each such city's or town's pro rata share of the total available amount determined in accordance  
14 with RSA 31-A:4; and

15 (6) Deposit the balance into the gaming regulatory fund established by RSA 284-  
16 B:18, VI.

17 (b) Upon payment of taxes on gross slot machine revenue and gross table game revenue  
18 by a gaming licensee under this chapter, and subject to payment by the state treasurer of the  
19 amounts specified in subparagraph (a), the commission shall:

20 (1) Reimburse funds received by the commission from activities authorized by  
21 RSA 284, RSA 287-D, RSA 287-E, and RSA 287-F in proportion to the expenses of the commission  
22 borne by each such activity in the administration of this chapter as authorized by RSA 284-B:3,  
23 VII(a), prior to the payment of the license fee.

24 (2) Reimburse funds received by the gaming regulatory oversight authority from  
25 activities authorized by RSA 284 and RSA 287-F in proportion to the expenses of the authority borne  
26 by each such activity in the administration of RSA 284-A.

27 (3) Charge to and pay out of the tax payments received the compensation of the  
28 commissioners, expenses of the commissioners, compensation of assistants, and other necessary  
29 expenses of the commission, of the office of the commission chair, and of the division of gaming  
30 control, including suitable furniture, equipment, supplies, and office expenses, provided that the  
31 commission shall submit an operating budget based on accounting units or other budgetary units  
32 required by the general court and shall submit its budget in the same format and at the same time  
33 as other state agencies; provided, however, the commission is authorized to transfer funds between  
34 line items within and among any budgetary unit.

35 (4) Make distributions to the state treasurer for transfer to the attorney general and  
36 the department of safety and local law enforcement agencies in amounts equal to any costs of  
37 regulatory control over a gaming licensee that are not covered by any other designated source of

1 funding in this chapter, provided that such distributions shall be in accordance with a budget  
2 approved by the general court.

3 II. The general court shall determine the distribution of the balance of tax payments on  
4 gross slot machine revenue or gross table game revenue remitted by a gaming licensee that remains  
5 after provision for the distributions and charges provided for by paragraph I.

6 III. A gaming licensee shall deliver to the state treasurer the amount due to the state  
7 treasurer provided for in this section in immediately available funds of the United States at least  
8 once a week in such manner and at such time as the state treasurer, with the concurrence of the  
9 commission, shall agree. At the time payment is delivered, a gaming licensee shall provide to the  
10 state treasurer a written accounting of gross table game revenue and gross slot machine revenue on  
11 an aggregate basis together with its calculation of the amount due to the state treasurer pursuant to  
12 this section. The gaming licensee's written accounting shall be in a form satisfactory to the  
13 commission and shall be filed concurrently with the commission. A gaming licensee shall pay a  
14 penalty of \$1,000 for each day that payment or the accounting is not delivered on time to the state  
15 treasurer and/or the commission.

16 IV. A gaming licensee shall remit to the commission a fee in the amount of \$600 per year per  
17 slot machine which fee shall be deposited in a public health trust fund administered by the  
18 commission dedicated to addressing problems associated with compulsive gambling, including, but  
19 not limited to, gambling prevention and addiction services, substance abuse services, educational  
20 campaigns to mitigate the potential addictive nature of gambling, research, and any studies and  
21 evaluations consistent with this chapter.

22 284-B:49 Conservatorship.

23 I. Upon revocation or suspension of a gaming license by the commission or upon the failure or  
24 refusal of a gaming licensee to renew a gaming license for any reason, the commission may seek the  
25 appointment of a conservator pursuant to this section to temporarily manage and operate the business of  
26 the gaming licensee relating to a gaming location if it is able to establish both of the following:

27 (a) The possible adverse economic impact of closure of the gaming location upon the host  
28 community and upon the state generally is significant.

29 (b) Continued gaming operations pursuant to a conservatorship would facilitate speedy  
30 transfer of ownership of the gaming location in a manner that does not unreasonably endanger the  
31 public health, safety, morals, good order and general welfare. Such conservator shall be a person of  
32 similar experience in the field of gaming management and, in the case of replacing a gaming  
33 licensee, shall have experience operating a gaming location of similar caliber in another jurisdiction,  
34 and shall be in good standing in any jurisdiction where the person has held or holds a license,  
35 registration or other authorization. Upon appointment, a conservator shall agree to operate a  
36 gaming location in compliance with all requirements of the statement of conditions issued by the  
37 commission in connection with the gaming license for the gaming location.

1           II. If the commission deems it warranted pursuant to this section, the commission, and only  
2 the commission, may petition ex parte for a court order appointing a conservator for the gaming  
3 location. The decision to file such a petition is discretionary with the commission, and in  
4 determining whether such a petition shall be filed, the commission shall consider, at any time  
5 following issuance of an order revoking or suspending a gaming license or upon the failure or refusal  
6 to renew a gaming license the following criteria.

7           (a) The nature of the violation or event that resulted in the revocation, suspension,  
8 surrender, or lapse.

9           (b) The ability and actions taken, if any, for a removal by a gaming licensee in good  
10 standing of persons who committed the violation.

11           (c) The involvement in the operation during a proposed conservatorship of persons whose  
12 licenses were revoked, suspended, surrendered, or lapsed.

13           (d) The economic impact of closure of the gaming location upon the community in which  
14 the establishment is located.

15           (e) The economic impact of closure of the gaming location upon the state of  
16 New Hampshire.

17           (f) The prior efforts, if any, to sell the gaming location.

18           (g) The involvement, if any, of undisclosed interests in the gaming location.

19           (h) The presence, if any, of a publicly traded holding company and the public trading  
20 that would occur during a conservatorship.

21           (i) The current status of all fees and taxes applicable to the operation.

22           (j) The adequacy of existing financing for the operation, if continued, and the suitability  
23 of the source of such financing.

24           (k) The impact upon public confidence and trust that gaming operations in New  
25 Hampshire are conducted honestly, competitively, and free from criminal and corruptive elements.

26           (l) The ownership of the gaming location or an interest therein by persons other than the  
27 offending, surrendering, or lapsed licensee.

28           (m) Any other matter material to a full and complete consideration of the particular  
29 circumstances presented.

30           (n) The availability of 2 or more persons qualified and willing to assume the position of  
31 conservator for the gaming location in question, unless, in the opinion of the commission, only one person  
32 is available who is qualified to serve, in which case the commission may name only that person.

33           III. The commission may decline to petition for appointment of a conservator if satisfied that  
34 because of any or all of the above considerations or for any other reason, a continuation of the operation of  
35 the gaming location would not be in the best interest of the state, the gaming industry, or both.

36           IV. The commission shall not petition for a conservator to continue gaming operations at any  
37 gaming location if any of the following are established:

1 (a) A rehearing has been granted by the commission to the gaming licensee on the  
2 revocation or suspension of its license and the rehearing has not been concluded.

3 (b) The gaming location has never been in operation and opened to the public.

4 (c) The gaming location is, or reasonably appears to be, insolvent.

5 (d) Gaming operations ceased at the gaming location for any reason prior to revocation,  
6 suspension, or lapse of an essential license.

7 V. A conservator shall, before assuming managerial or operational duties, execute and file a  
8 bond for the faithful performance of its duties payable to the commission with such surety and in  
9 such form and amount as the commission shall approve.

10 VI. After issuance of an order to appoint a conservator, the former or suspended gaming  
11 licensee may not exercise any of its privileges, collect or receive any debts, or pay out, sell, assign, or  
12 transfer any of its assets to anyone without prior approval of the appointed conservator and the  
13 commission.

14 VII. A conservator shall not distribute earnings of the gaming location to the former  
15 licensed owners thereof, until deduction is made for:

16 (a) All amounts payable under this chapter.

17 (b) The costs of the conservatorship, including compensation and expenses incurred by  
18 the conservator and those engaged by the conservator to aid in the conservator's duties, then due  
19 and owing.

20 (c) Amounts deemed necessary by the conservator for continuing the operation of the  
21 gaming location including, but not limited to, bankroll, salaries, and foreseeable operating expenses.

22 (d) Amounts deemed necessary by the conservator to preserve the assets of the gaming  
23 location.

24 (e) A reserve fund sufficient, in the determination of the conservator, to facilitate  
25 continued operation in light of pending civil litigation, disputed claims, contractual obligations,  
26 taxes, fees, and any other contingency known to the conservator which may require payment by the  
27 gaming location.

28 VIII. During the period of conservatorship, the commission shall, as applicable, initiate  
29 proceedings under this chapter to award a new gaming license to a qualified applicant. An applicant  
30 for a new gaming license shall be qualified for licensure under this chapter, provided, however, that  
31 the commission shall determine an appropriate minimum capital investment by an applicant into  
32 the preexisting gaming location and upon award of a new gaming license, the new gaming licensee  
33 shall pay the original licensing fee required under this chapter.

34 IX. Following the sale, assignment, conveyance, or other disposition in bulk of all the  
35 property subject to a conservatorship and the payment of any obligations to the state and political  
36 subdivisions pursuant to this chapter, the commission shall conduct a hearing to determine the  
37 distribution of the remaining assets.

1 X. The commission may issue an order to discontinue a conservatorship when:

2 (a) The commission determines that circumstances requiring the appointment of the  
3 conservator no longer exist.

4 (b) The conservator has, with the prior approval of the commission, consummated the  
5 sale, assignment, conveyance, or other disposition of all the assets or interest of the former gaming  
6 licensee relating to the gaming license.

7 284-B:50 Prohibitions on Certain Political Contributions.

8 I. For the purposes of this section:

9 (a) "Candidate" means any person publicly declared as such, including any person who  
10 prior to the opening of the period for the filing of a declaration of candidacy has made a public  
11 statement of intent to run for elective office, and for whom votes are sought in an election, but shall  
12 not include a person seeking nomination or election to any federal public office.

13 (b) "Close associate" means a person who holds a relevant financial interest in, or is  
14 entitled to exercise power in, the business of a gaming applicant or gaming licensee and, by virtue of  
15 that interest or power, is able to exercise a significant influence over the management or operation of  
16 a gaming location or business licensed under this chapter.

17 (c) "Co-employee" means a individual that through a contractual arrangement is employed  
18 by 2 separate business entities that share control over an employee's work or working conditions.

19 (d) "Contribution" shall be defined as in RSA 664:2.

20 (e) "Political committee" shall be defined as in RSA 664:2.

21 (f) "Political party" shall be defined as in RSA 664:2.

22 (g) "Independent expenditure" shall be defined as in RSA 664:2.

23 (h) "Dependent person" means an individual that is an employee or co-employee of a  
24 gaming applicant or gaming licensee, an employee or co-employee of a person affiliated with a  
25 gaming applicant or gaming licensee or an enterprise or firm, or an officer, director, partner, owner,  
26 or key employee of an enterprise or firm, that is a party to any contract with, or is bidding for or  
27 seeking to enter any contract with, or regularly represents or provides services to, a gaming  
28 applicant or gaming licensee.

29 (i) "Public official" means any person holding the office of governor, executive councilor,  
30 state senator, state representative, county commissioner, county treasurer, county attorney, county  
31 sheriff, county registrar of deeds, or local, town or city office.

32 (j) "Solicitation" means a request, suggestion, or recommendation made to a particular  
33 person, by any means of communication, that the person make a contribution, provided, however,  
34 that a statement to a person expressing support for or opposition to the election of any candidate, or  
35 support for or opposition to any political party, which is made without reference to a contribution, or  
36 a statement intended for and given public dissemination encouraging all persons to make  
37 contributions to any candidate or political party, is not a solicitation.

1 (k) "Thing of value" means an item of real, personal, or intellectual property that may be  
2 converted into money by selling it or pledging it as security for a loan or other advance of funds; a loan of  
3 assets, property, personnel, or facilities for use by a candidate or political party, such as, without  
4 limitation, office space, automobiles, telephones or telephone services, or the time and effort of employees  
5 or consultants who are paid by the person making the contribution; a personal or professional service  
6 that is not incidental to the expression of a person's ideological beliefs or membership in a political party,  
7 and that has a value to the candidate or political organization; a non-reimbursed expense that is not  
8 incidental to the expression of a person's ideological beliefs or membership in a political party, and is of  
9 the type normally incurred by the candidate or political organization; or any thing, service, expense, or  
10 other item of value similar to that identified in this paragraph.

11 II. A gaming applicant, a gaming licensee, a close associate of a gaming applicant or gaming  
12 licensee or any holding, intermediary, or subsidiary company of a gaming applicant or gaming licensee or  
13 any dependent person thereof; an officer, director, key employee, or principal of a gaming applicant or  
14 gaming licensee; a person who holds at least a one percent interest in a gaming applicant or gaming  
15 licensee; the spouse or children of a gaming applicant or gaming licensee; or any person or agent acting  
16 on behalf of any of the persons enumerated herein are prohibited from making contributions of money or  
17 things of value to public officials or candidates for public office and political parties in New Hampshire  
18 provided further that the above-mentioned persons shall not offer or give to a candidate or public official  
19 or his or her spouse, his or her parent, brother, sister, or child or spouse of such child, or a business with  
20 which he or she is associated, anything of value, including, but not limited to, a gift, loan, political  
21 contribution, reward, or promise of future employment.

22 III. A gaming applicant, a gaming licensee, a close associate of a gaming applicant or gaming  
23 licensee or any holding, intermediary, or subsidiary company of a gaming applicant or gaming  
24 licensee or any dependent person thereof; an officer, director, key employee, or principal of a gaming  
25 applicant or gaming licensee; a person who holds at least a one percent interest in a gaming  
26 applicant or gaming licensee; the spouse or children of a gaming applicant or gaming licensee; or any  
27 person or agent acting on behalf of any of the persons enumerated herein are prohibited from  
28 making a contribution to a candidate or political committee through a legal entity that is  
29 established, directed, or controlled by the persons described in this paragraph.

30 IV. No candidate or public official or political committee shall solicit or accept from a gaming  
31 applicant, a gaming licensee, a close associate of a gaming applicant or gaming licensee or any  
32 holding, intermediary, or subsidiary company of a gaming applicant or gaming licensee or any  
33 dependent person thereof; an officer, director, key employee, or principal of a gaming applicant or  
34 gaming licensee; a person who holds at least a one percent interest in a gaming applicant or gaming  
35 licensee; the spouse or children of a gaming applicant or gaming licensee; or any person or agent  
36 acting on behalf of any of the persons enumerated herein anything of value, including but not limited  
37 to, a gift, loan, political contribution, reward, or promise of future employment.

1 V. This prohibition is designed to protect the public interest in both the fact and the  
2 appearance of the independence of the political process, and the insulation of the government  
3 institutions that are responsible for the supervision of the gaming industry, from the uniquely  
4 powerful economic force that is presented by that industry. The protection of these interests is  
5 critical to the maintenance of public confidence and trust in the regulation of gaming in  
6 New Hampshire.

7 VI. A violation of the prohibitions in paragraphs II through V shall be punishable by a fine  
8 not to exceed \$20,000 per illicit donation plus the amount of each illicit donation and such other  
9 sanctions and penalties as the commission shall deem appropriate.

10 VII. The prohibitions enumerated in paragraphs II through V shall also apply to an  
11 applicant for, or holder of, a key employee license or gaming vendor license, a close associate of a  
12 gaming vendor applicant or gaming vendor licensee, or any holding, intermediary, or subsidiary  
13 company of a gaming vendor applicant or gaming vendor licensee or any dependent person thereof;  
14 an officer, director, key employee, or principal of a gaming vendor applicant or gaming vendor  
15 licensee; a person who holds at least a one percent interest in a gaming vendor applicant or gaming  
16 vendor licensee; the spouse or children of a key employee applicant or key employee licensee, gaming  
17 vendor applicant, or gaming vendor licensee; or any person or agent acting on behalf of any of the  
18 persons enumerated herein.

19 VIII. A violation of the prohibitions in paragraphs VII shall be punishable by a such  
20 sanctions and penalties as the commission shall deem appropriate.

21 IX. The chief executive officer of a gaming applicant, a gaming licensee, an applicant for a  
22 gaming vendor license, or a gaming vendor licensee shall annually certify to the commission and to  
23 the attorney general under oath that they have developed and implemented internal safeguards and  
24 policies intended to prevent a violation of this provision and that such person has conducted a good  
25 faith investigation that has not revealed any violation of this provision during the past year.

26 284-B:51 Data; Research.

27 I. Notwithstanding any law to the contrary, a gaming licensee shall supply the commission  
28 with customer tracking data collected or generated by loyalty programs, player tracking software,  
29 player card systems, cashless wagering systems, or any other player incentive related information  
30 system. The commission shall contract with an experienced nonprofit research entity to develop an  
31 anonymizing system that automatically removes from the data:

32 (a) Personal identifying information, including player name, street address, bank or  
33 credit information, and the last 4 digits of a player's zip code.

34 (b) Slot machine identifying information, including game name and manufacturer, in  
35 protection of corporate intellectual property.

36 (c) The data shall retain information on player characteristics including, but not  
37 limited to, gender, age, and region of residence, and player behavior including, where available on

1 the systems referenced in this paragraph, frequency of play, length of play, speed of play,  
2 denomination of play, amounts wagered and, if applicable, number of lines or hands played and  
3 the characteristics of the games played including, but not limited to, reel configuration, return-to-  
4 player, and volatility index.

5 II. The commission shall convey the anonymized data to a research facility which shall make  
6 the data available to qualified researchers for the purposes of:

7 (a) Conducting analyses that improve understanding of how gambling addiction develops  
8 and progresses.

9 (b) Developing evidence-based harm minimization strategies.

10 (c) Developing evidence-based systems to monitor, detect, and intervene in high-risk  
11 gambling.

12 III. The commission shall request reports on researcher analyses of the behavioral data,  
13 which could provide informed recommendations to the general court relative to more effective  
14 regulation of gambling operations. The commission may directly initiate studies assessing the  
15 effectiveness of any specific measures, programs, or interventions which the state has imposed on its  
16 gaming licensees and which might be illuminated through the behavioral data in question.

17 IV. The commission, with the advice of the gaming regulatory oversight authority, shall  
18 develop an annual research agenda in order to understand the social and economic effects of  
19 expanding gaming in New Hampshire and to obtain scientific information relative to the  
20 neuroscience, psychology, sociology, epidemiology, and etiology of gambling. The commissioner of  
21 health and human services, with the advice and consent of the commission, may expend funds  
22 received pursuant to RSA 284-B:48 to implement the objectives of the research agenda. The  
23 commission shall annually make scientifically-based recommendations which reflect the results of  
24 this research to the general court. The commission shall consider any such recommendations,  
25 research, and findings in all decisions related to enhancing responsible gaming and mitigating  
26 problem gambling.

27 284-B:52 Adjusted Charitable Benefit. Any charity that held charitable games in New  
28 Hampshire in accordance with RSA 287-D or RSA 287-E during the fiscal year ending June 30, 2013  
29 ("FY 13") or the fiscal year ending June 30, 2014, ("FY 14") shall be eligible to receive an adjusted  
30 charitable benefit as follows:

31 (a) If the eligible charity held charitable games during FY 13, but not during FY 14, then  
32 the gaming commission shall determine the total net revenue awarded to each such eligible charity  
33 from charitable games held during FY 13. This amount shall be called the "FY 13 base charitable  
34 benefit."

35 (b) If the eligible charity held charitable games during FY 14, then the gaming  
36 commission shall determine the total net revenue awarded to each such eligible charity from  
37 charitable games held during FY 14. This amount shall be called the "FY 14 base charitable benefit."



1 (c) Within 60 days of the close of each fiscal year in which a gaming licensee has operated  
2 video lottery machines or table gaming pursuant to this chapter, the gaming commission shall  
3 determine the total net revenue awarded from charitable games for the immediately preceding fiscal  
4 year for each charity that both:

5 (1) Is an eligible charity under this section; and

6 (2) Conducted charitable games during the immediately preceding fiscal year. This  
7 amount shall be called the "annual charitable benefit."

8 (d) For each charity for which an annual charitable benefit calculation was made under  
9 subparagraph (c), the gaming commission shall determine if the FY 13 base charitable benefit or the  
10 FY 14 base charitable benefit, as applicable, exceeds the annual charitable benefit. If the FY 13 base  
11 charitable benefit or FY 14 base charitable benefit, as applicable, exceeds the annual charitable  
12 benefit, the difference shall be called the "adjusted annual charitable benefit" and the gaming  
13 commission shall notify the gaming licensee of the amount of the aggregate adjusted annual charitable  
14 benefit for all applicable eligible charities for the immediately preceding fiscal year.

15 (e) Within 20 days of receipt of such notice, each gaming licensee shall pay 1/2 of the  
16 aggregate adjusted annual charitable benefit determined under subparagraph (d) to the gaming  
17 commission; provided that in any fiscal year in which only one gaming licensee has conducted  
18 operations for the entire fiscal year, that one gaming licensee shall pay the entire adjusted annual  
19 charitable benefit.

20 (f) Within 15 days of receipt of payment of the aggregate adjusted annual charitable  
21 benefit, the gaming commission shall pay the individual adjusted annual charitable benefit to each  
22 applicable eligible charity.

23 (g) The payment due under this section shall not be subject to offsets or credits.

24 (h) To the extent the gaming licensee has operated video lottery machines or table  
25 games for only a portion of a fiscal year, that gaming licensee's share of the adjusted annual  
26 charitable benefit amount for that year shall be proportionally pro-rated.

27 (i) An eligible charity shall only be entitled to receive an adjusted annual charitable  
28 benefit for a particular fiscal year if it conducted charitable games in accordance with RSA 287-D or  
29 RSA 287-E during that same fiscal year. If a charity eligible under this paragraph stops conducting  
30 such charitable games for 2 consecutive fiscal years after the opening of the gaming licensee, such  
31 charity shall no longer be eligible to receive an annual charitable benefit.

32 284-B:53 Legal Shipment of Gaming Devices Into New Hampshire. All shipments into this state  
33 of gaming devices, including slot machines, the registering, recording, and labeling of which has been  
34 duly made by the manufacturer or dealer in accordance with sections 3 and 4 of an Act of Congress of  
35 the United States entitled "An Act to Prohibit Transportation of Gambling Devices in Interstate and  
36 Foreign Commerce," designated as 15 U.S.C. sections 171-1172, shall be deemed legal shipments into  
37 this state.

1       284-B:54 Declaration of Limited Exemption From Operation of the Provisions of 15 U.S.C. sections  
2 1171-1178. Pursuant to section 2 of an act of Congress of the United States entitled "An Act to Prohibit  
3 Transportation of Gambling Devices in Interstate and Foreign Commerce," designated as 15 U.S.C.  
4 sections 1171-1178, the state of New Hampshire, acting by and through the duly elected and qualified  
5 members of its legislature, does hereby, in accordance with and in compliance with the provisions of  
6 that section 2 of that act of Congress, declare and proclaim that section 2 of that Act of Congress shall  
7 not apply to any gambling device in this state where the transportation of such a device is specifically  
8 authorized by and done in compliance with the provisions of this chapter and any rules adopted by the  
9 commission pursuant to it, and that any such gambling device transported in compliance with state  
10 law or regulations shall be exempt from the provisions of that Act of Congress.

11       284-B:55 Severability and Preemption.

12           I. If any clause, sentence, subparagraph, paragraph, subsection, section, article, or other  
13 portion of this chapter or the application thereof to a person or circumstances shall be held to be  
14 invalid, such holding shall not affect, impair, or invalidate the remainder of this chapter or the  
15 application of such portion held invalid to any other person or circumstances, but shall be confined in  
16 its operation to the clause, sentence, paragraph, subparagraph, subsection, section, article, or other  
17 portion thereof directly involved in such holding or to the person or circumstance therein involved.

18           II. If any provision of this chapter is inconsistent with, in conflict with, or contrary to any  
19 other provision of law, such provision of this act shall prevail over such other provision and such  
20 other provision shall be deemed to be amended, superseded, or repealed to the extent of such  
21 inconsistency or conflict. Notwithstanding the provisions of any other law to the contrary, no local  
22 government unit of this state shall enact or enforce any ordinance or resolution conflicting with any  
23 provision of this act or with any policy of this state expressed or implied herein, whether by exclusion  
24 or inclusion. The commission shall have exclusive jurisdiction over all matters delegated to it or  
25 within the scope of its powers under the provisions of this chapter.

26       2 Gaming Regulatory Oversight Authority. RSA 284-A is repealed and reenacted to read as  
27 follows:

28       284-A:1 Gaming Regulatory Oversight Authority. There is hereby established a gaming  
29 regulatory oversight authority to ensure integrity and public confidence in gaming regulation and to  
30 oversee and assess the regulation of gaming activities authorized pursuant to New Hampshire law,  
31 to advise the gaming commission established by RSA 284-B on all matters pertaining to the exercise  
32 of the gaming commission's powers and rights and the performance of the gaming commission's  
33 duties and responsibilities, and to report at least annually to the general court with its findings and  
34 recommendations regarding the appropriate regulation of gambling in New Hampshire. The  
35 authority shall consist of the following members:

36           I. The attorney general, or designee.

37           II. The commissioner of the department of safety, or designee.

1 III. One member of the senate, appointed by the president of the senate.

2 IV. One member of the house of representatives, appointed by the speaker of the house of  
3 representatives.

4 V. One member who has relevant experience, appointed by the governor.

5 VI. Two public members appointed by the governor one of whom shall be appointed to serve  
6 as the chair of the authority.

7 284-A:2 Functions and Duties of the Authority.

8 I. The authority shall evaluate whether the current and proposed regulations, policies, and  
9 practices for legal gaming in the state are adequate to operate in a manner that protects the public  
10 interest and allows the regulation of gaming to be conducted in an effective and efficient manner,  
11 advise the gaming commission at regular quarterly or special meetings of its findings and  
12 recommendations, and report its findings and recommendations annually to the general court.

13 II. Meetings shall be called by the chair. All meetings of the authority shall be open to the  
14 public and subject to RSA 91-A.

15 III. With regard to meetings, minutes, and records of the authority:

16 (a) The authority shall notice all proceedings and shall make and keep a record of all  
17 proceedings held at public meetings of the authority. A verbatim record of those proceedings shall be  
18 prepared by the authority. A copy of the record shall be made available to any person upon request  
19 and payment of the costs of preparing the copy.

20 (b) The authority shall maintain such other files and records as the authority  
21 determines is necessary.

22 (c) All records, information, or data maintained or kept by the authority shall be  
23 maintained or kept at the office of the gaming commission.

24 IV. The balance of unexpended funds remaining in the allocation by the lottery commission  
25 on June 30, 2015, shall be available to the authority, for fiscal years 2016 and 2017, and the  
26 authority may expend funds remaining in this allocation as needed to support its activities  
27 including, but not limited to, the hiring of staff and the retention of experts in the area of the  
28 authority's oversight activities. In fiscal years 2016 and 2017, the gaming commission may expend  
29 the remaining balance of said \$250,000 in funds not otherwise appropriated to support the  
30 authority's activities. The authority may expend such funds without the approval of the governor  
31 and executive council.

32 V. The gaming commission and all agencies and commissions subject to the authority of the  
33 gaming commission shall cooperate with the authority and shall provide data and information to the  
34 authority upon request. The authority shall be administratively attached to, but not under the  
35 control of, the gaming commission pursuant to RSA 21-G:10.

36 3 New Sections; Department of Safety; Gaming Enforcement Unit Established. Amend RSA 21-P  
37 by inserting after section 7-c the following new sections:

1 21-P:7-d Division of State Police; Gaming Enforcement Unit.

2 I. There is established within the division of state police a gaming enforcement unit under  
3 the supervision of the commissioner of the department of safety. Notwithstanding RSA 106-B:15,  
4 the unit shall:

5 (a) Investigate violations of RSA 284-B and the rules adopted under the provisions of  
6 RSA 284-B, and initiate proceedings before the commission for such violations. The unit shall report  
7 the results of any investigation conducted to the commission.

8 (b) Participate in any hearing conducted by the commission.

9 (c) Investigate crimes which may involve a violation of RSA 284-B that occur at a  
10 gaming location.

11 II. The commissioner of the department of safety shall organize the unit as the commissioner  
12 deems necessary. The commissioner of safety may employ such state police personnel as the  
13 commissioner deems necessary to fulfill the responsibilities of the unit.

14 21-P:7-e Enforcement Expenditures. The governor and council, upon request from the  
15 commissioner of the department of safety, may authorize the transfer of general funds as necessary  
16 to the department of safety to implement and enforce RSA 21-P:7-d and RSA 284-B.

17 4 Restriction on Gambling. RSA 284:17-c is repealed and reenacted to read as follows:

18 284:17-c Restriction on Gambling. Except as provided in the introductory paragraph of RSA 284:22,  
19 RSA 284:22-a, and RSA 284-B, no licensee who holds running horse races shall at the same facility hold  
20 any other kinds of races or permit any other type of gambling except harness horse races, thoroughbred  
21 races, and activities licensed by the commission or the racing and charitable gaming commission.

22 5 New Paragraph; Facility License; Cocktail Lounge License. Amend RSA 178:22 by inserting  
23 after paragraph V the following new paragraph:

24 VI. The commission may issue a special license to a person holding a gaming license under the  
25 provisions of RSA 284-B, provided the gaming location has an existing liquor license. Such special license  
26 shall allow the sale of liquor and beverage within the gaming location, including dining room, function  
27 room, gaming room, lounge, or any other area designated by the commission, without regard to whether  
28 meals are served therein, but only during the time gaming is being conducted under RSA 284-B and  
29 subject to the same hours of sale as all other on-premises licenses pursuant to RSA 179:17, II(b).

30 6 New Subparagraph; Authorized Slot Machines and Table Games. Amend RSA 647:2, V by  
31 inserting after subparagraph (c) the following new subparagraph:

32 (d) Slot machines and table games authorized pursuant to RSA 284-B.

33 7 Rehabilitation of Problem Gambling. Amend RSA 172:2-a to read as follows:

34 172:2-a Program Established. The commissioner shall provide for the scientific care, treatment,  
35 and rehabilitation of *gambling*, alcohol and drug abusers, and work towards the prevention of, and  
36 assist in the control of, *gambling*, alcohol and drug abuse within the state through education,  
37 treatment, community organization, and research.

1 8 Rehabilitation of Problem Gaming. Amend RSA 172:8 to read as follows:

2 172:8 Duties of Commissioner. The commissioner shall:

3 I. Study the problems presented by *gambling*, alcohol and drug abuse, including methods  
4 and facilities available for the care, treatment, custody, employment, and rehabilitation of persons  
5 who are *problem gamblers*, inebriates, alcohol abusers, drug dependent, or drug abusers.

6 II. Promote meetings and programs for the discussion of *gambling*, alcohol and drug  
7 dependency and abuse for the guidance and assistance of individuals, schools, courts, and other  
8 public and private agencies.

9 III. Conduct, promote and finance, in full or in part, studies, and other appropriate facilities  
10 dealing with the physical, psychological, and/or social aspects of *gambling*, alcohol and drug abuse.

11 IV. Have the authority to accept or reject for examination, diagnosis, guidance, and  
12 treatment, insofar as funds and facilities permit, any resident of the state who comes to the  
13 commissioner voluntarily for advice and treatment.

14 V. [Repealed.]

15 VI. Render biennially to the governor and council a report of his activities including  
16 recommendations for improvements therein by legislation or otherwise.

17 VII. Coordinate community medical resources for the emergency medical care of persons  
18 suffering acute mental or physical reaction to *gambling*, alcohol or drugs and of persons suffering  
19 from drug dependency.

20 VIII. Employ such assistants as may be necessary to carry out the purposes of this chapter,  
21 in accordance with state personnel regulations, and within available appropriations and funds.

22 IX. Disseminate information on the subjects of *gambling*, alcohol and drug abuse for the  
23 guidance and assistance of individuals, schools, courts and other public and private agencies.

24 X. [Repealed.]

25 9 Problem Gaming Added. Amend RSA 172:8-a to read as follows:

26 172:8-a Confidentiality of Client Records. No reports or records or the information contained therein  
27 on any client of the program or a certified *gambling*, alcohol or drug abuse treatment facility or any  
28 client referred by the commissioner shall be discoverable by the state in any criminal prosecution. No  
29 such reports or records shall be used for other than rehabilitation, research, statistical or medical  
30 purpose, except upon the written consent of the person examined or treated. Confidentiality shall not be  
31 construed in such manner as to prevent recommendation by the commissioner to a referring court, nor  
32 shall it deny release of information through court order pursuant to appropriate federal regulations.

33 10 Problem Gaming Added. Amend RSA 172:8-b to read as follows:

34 172:8-b Rulemaking. The commissioner shall adopt rules under RSA 541-A relative to the following:

35 I. The acceptance, care, and treatment of *gambling*, alcohol or drug dependent persons and  
36 alcohol or drug abusers who are clients of the program established under this chapter or a certified  
37 substance abuse treatment facility.

1 II. A fee schedule and collection of fees under RSA 172:14, IV.

2 III. Certification of *such* substance abuse treatment facilities including, but not limited to:

- 3 (a) Program content;  
4 (b) Qualifications of program staff; and  
5 (c) Type of substance abuse treatment offered.

6 IV. Certification and recertification of *gambling*, alcohol and drug abuse counselors  
7 including, but not limited to:

- 8 (a) Peer review of applicants.  
9 (b) Minimum qualifications and competency.  
10 (c) Education and continuing education.  
11 (d) Experience required.  
12 (e) Required knowledge of *gambling*, alcohol and drug abuse counseling.  
13 (f) Such other matters as the commissioner may deem necessary to carry out the

14 purposes of this chapter.

15 V. Voluntary admissions under RSA 172:13.

16 11 Acceptance of Funds; Treatment of Problem Gamblers. Amend RSA 172:9 to read as follows:

17 172:9 Acceptance of [~~Grants~~] *Funds*. The commissioner is authorized to accept in the name of  
18 the state special grants or money or services from the federal or state governments or any of their  
19 agencies and may accept gifts to carry on the functions provided for in this chapter.

20 12 New Paragraphs; Gaming Offenses. Amend RSA 647:2 by inserting after paragraph I-b the  
21 following new paragraphs:

22 I-c.(a) A person shall be guilty of cheating if such person, during a game in a gaming  
23 location licensed by the commission, knowingly and by any trick or sleight of hand performance  
24 or by a fraud or fraudulent scheme, cards, dice, or other gaming device for oneself or for  
25 another:

26 (1) Wins, or attempts to win, money or property; or

27 (2) Reduces, or attempts to reduce, a losing wager in said gaming location shall be  
28 guilty of cheating.

29 (3) Uses a cheating device or game in a gaming location licensed by the commission  
30 shall be guilty of cheating.

31 (b) Whoever commits the offense of cheating shall be punished as follows:

32 (1) A person is guilty of a class A felony if the value of the money, property, or wager  
33 cheated is \$75,000 or more, and in the case of a person other than a natural person, by a fine not to  
34 exceed \$100,000.

35 (2) A person is guilty of a class B felony if the value of the money, property, or wager  
36 cheated is \$10,000 or more but less than \$75,000, and in the case of a person other than a natural  
37 person, by a fine not to exceed \$100,000.

1 (3) A person if guilty of a class A misdemeanor if the value of the money, property or  
2 wager cheated is \$1,000 or more but less than \$10,000, and in the case of a person other than a  
3 natural person, by a fine not to exceed \$20,000.

4 (d) Each episode or transaction of cheating may be the subject of a separate prosecution  
5 and conviction. In the discretion of the state, multiple episodes or transactions of cheating  
6 committed as part of a single scheme or course of conduct may be treated as a single offense and the  
7 amounts involved in acts of cheating committed according to a scheme or course of conduct, whether  
8 by the same person or several persons, may be aggregated in determining the value of money,  
9 property, or wager involved in the offense.

10 (e) A gaming applicant, gaming licensee, and an applicant for, or holder of, a principal  
11 license, key employee license, gaming employee registration, non-gaming employee permit, gaming  
12 vendor license, non-gaming vendor registration, or other person who, in a gaming location, knowingly:

13 (1) Conducts or operates any game using a cheating device or game;

14 (2) Displays for play a cheating game; or

15 (3) Permits to be conducted, operated or displayed, any cheating device or game shall  
16 be guilty of a class B felony, and in the case of a person other than a natural person, by a fine not to  
17 exceed \$100,000.

18 I-d.(a) Whoever possesses a cheating device or game, with the intent to defraud, cheat, or  
19 steal, shall be guilty of a class A misdemeanor, and in the case of a person other than a natural  
20 person, by a fine not to exceed \$20,000.

21 (b) Knowing possession of a cheating device or game within a gaming location shall  
22 constitute prima facie evidence of an intent to defraud, cheat, or steal, except possession by a gaming  
23 licensee or an employee of a gaming licensee, acting lawfully in furtherance of such person's  
24 employment within the casino, and shall constitute a class B felony.

25 13 New Subparagraph; Gaming Offenses. Amend RSA 647:2, V by inserting after subparagraph  
26 (c) the following new subparagraph:

27 (d) A gaming location approved and licensed by the commission under RSA 284-B.

28 14 New Paragraph; Gaming Offenses. Amend RSA 647:2 by inserting after paragraph VI the  
29 following new paragraph:

30 VII.(a) Whoever, being under 21 years old, plays, places wagers at or collects winnings from,  
31 whether personally or through an agent, a game in a gaming location licensed by the commission  
32 shall be guilty of a violation level offense and shall be punished by a fine not to exceed \$1,000.

33 (b) Whoever, being a gaming location licensee by the commission or an employee of a  
34 gaming location licensee, who knowingly allows a person under the age of 21 to play, place wagers  
35 at, or collect winnings from a game in a gaming location licensed by the commission, whether  
36 personally or through an agent, shall be guilty of a class B misdemeanor and shall be punished, for  
37 a first offense, by a fine not to exceed \$1,200, and in the case of a person other than a natural

1 person, by a fine not to exceed \$20,000 and, for a second or subsequent offense, shall be guilty of a  
2 class A misdemeanor, and in the case of a person other than a natural person, by a fine not to  
3 exceed \$20,000.

4 (c) Whoever knowingly plays, places wagers at, or collects winnings from a game in a  
5 gaming location licensed by the commission for or on behalf of a person under 21 years of age shall  
6 be guilty of a class B misdemeanor and shall be punished by a fine of not more than \$1,200 for the  
7 first offense, and, for a second or subsequent offense, shall be guilty of a class A misdemeanor, and in  
8 the case of a person other than a natural person, by a fine not to exceed \$20,000.

9 15 Issuance of Reports. Amend RSA 20:7 to read as follows:

10 20:7 Issuance of Reports. The following agency reports shall be issued annually: secretary of  
11 state, state treasurer, bank commissioner, insurance commissioner, division of personnel,  
12 commissioner of revenue administration, [~~lottery commission, racing and charitable~~] gaming  
13 commission, liquor commission, department of transportation, department of environmental  
14 services, department of safety, adult parole board, and the board of trustees of the state colleges  
15 and university. All other reports shall be issued biennially. All reports shall cover periods ending  
16 on June 30, and be submitted to the governor and council, the speaker of the house of  
17 representatives, and the senate president by October 1. Biennial reports shall cover periods  
18 ending in odd-numbered years.

19 16 New Subparagraphs; Application of Receipts; Gaming Regulatory Fund; Public Health Trust  
20 Fund. Amend RSA 6:12, I(b) by inserting after subparagraph (316) the following new  
21 subparagraphs:

22 (317) The gaming regulatory fund established in RSA 284-B:18.

23 (318) The public trust health fund established in RSA 284-B:48, IV.

24 17 Transfer of Powers. The transfer of powers, rights, duties and responsibilities to the gaming  
25 commission pursuant to RSA 284-B:3 shall not take effect until all 5 commissioners of the gaming  
26 commission have been duly appointed and sworn, which appointments shall be made at the earliest  
27 possible date after passage.

28 18 Revenue Sharing with Cities and Towns. The general court intends that revenue sharing  
29 under RSA 31-A shall be effective for payments made pursuant to RSA 284-B:48.

30 19 Change from "Racing and Charitable Gaming Commission" to "Gaming Commission".  
31 Amend the following RSA provisions by replacing "racing and charitable gaming commission" with  
32 "gaming commission": 6:12-d, II(1); 21:33-a, III(a); 21-I:18, I(n); 21-P:4, VI (introductory paragraph);  
33 167:7-b, II(c); 175:1, LVI; 273-C:2, IV; 284:6-a, IV-VI; 284:9; 284:11; 284:12; 284:12-a; 284:20-f;  
34 284:22; 284:23; 287-A:8, III; 287-D:1-b; 287-D:2; 287-D:2-b; 287-D:2-c; 287-D:2-d; 287-D:3; 287-D:6,  
35 III; 287-D:7; 287-D:8; 287-E:1, VI; 287-E:7, II(b); 647:2, V(a).

36 20 Change from "Racing and Charitable Gaming Commission" to "Racing and Charitable  
37 Gaming Division." Amend the following RSA provisions by replacing "racing and charitable gaming



1 commission" with "racing and charitable gaming division": 284:7; 284:8; 284:13; 284:13-a; 284:14;  
2 284:14-c; 284:14-d; 284:20-d; 284:32-b; 284:38-a; 284-A:1; 287-D:1-a; 287-D:2, II; 287-D: VIII-X; 287-  
3 D:9; 287-E:2; 287-E:16.

4 21 Change from "Lottery Commission" to "Gaming Commission". Amend the following  
5 RSA provisions by replacing "lottery commission" with "gaming commission": 6:12, I(b)(1); 21-I:18,  
6 I(g); 94:1-a; 284:21-jj; 284:21-f; 284:21-i; 284:21-j.

7 22 Change from "Lottery Commission" to "Lottery Division". Amend the following  
8 RSA provisions by replacing "racing and charitable gaming commission" with "lottery division":  
9 284:21-h; 284:21-k; 284:21-m; 284:21-o; 284:21-q; 284:21-s; 284:21-v; 287-F:10, I-j; 663:8.

10 23 Change from "Lottery Commission and Racing and Charitable Gaming Commission" to  
11 "Gaming Commission". Amend the following RSA provisions by replacing "lottery commission and  
12 racing and charitable gaming commission" with "gaming commission": 284:17-c; 284:21-j; 284-A:2,  
13 I(e); 284-A:2, VI; 20:7; 21:33-a.

14 24 Gaming Regulatory Oversight Authority; Reference Changed. Amend RSA 284-A:1, III to  
15 read as follows:

16 III. The executive director of the lottery [~~commission~~] *division*, or designee.

17 25 Effective Date. This act shall take effect upon its passage.

LBAO  
15-0614  
02/03/15

**SB 113-FN-A-LOCAL - FISCAL NOTE**

AN ACT           relative to video lottery and table gaming.

**FISCAL IMPACT:**

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill, as introduced, as it is awaiting information from the Judicial Branch, who was contacted on 12/31/14. When completed, the fiscal note will be forwarded to the Senate Clerk's Office.

SB 113-FN-A-LOCAL FISCAL NOTE

AN ACT relative to video lottery and table gaming.

**FISCAL IMPACT:**

The New Hampshire Lottery Commission, Racing and Charitable Gaming Commission, Department of Safety, Department of Justice, New Hampshire Liquor Commission, Department of Health and Human Services, New Hampshire Municipal Association, Judicial Branch, Judicial Council, Department of Corrections, and New Hampshire Association of Counties state this bill, as introduced, will increase state, county, and local revenue and expenditures by an indeterminable amount in FY 2016 and each year thereafter.

**METHODOLOGY:**

This bill establishes a New Hampshire Gaming Commission, which would consist of a Lottery Division, Racing and Charitable Gaming Division, and a Gaming Control Division, and would have responsibility for the administration and enforcement of gaming under this bill. This bill allows slot machine games and table games at two locations in the state pursuant to an application process. The bill authorizes a maximum of 5,000 slot machines and 240 table games at two separate locations operating under two types of licenses (Category 1 and Category 2). A Category 1 license will permit up to 3,500, but not less than 2,000, slot machines and a maximum of 160 table games, and a Category 2 license will permit up to 1,500, but not less than 750, slot machines and a maximum of 80 table games. Category 1 and Category 2 initial license fees are \$80,000,000 and \$40,000,000, respectively. Both categories of licenses shall be valid for 10 years, and the renewal fee shall be \$1,500,000, which will also be valid for 10 years.

This bill requires gaming licensees remit to the state a tax of 35% of gross slot machine revenue, and 18% of gross table game revenue, with proceeds allocated as follows:

- 3% of gross slot machine revenue of the gaming licensee locating in the host community to the host community;
- 1% of gross slot machine revenue of the gaming licensee to the New Hampshire community or communities that abut the host community, divided equally if more than one, with limitations if a community abuts more than one host community;
- 1% of gross slot machine revenue of the gaming licensee to the county in which the host community is located;
- 1% of the gross slot machine revenue to the Department of Health and Human Services to support programs relative to prevention and treatment of problem gambling;

- \$25,216,054, or amount available, for “revenue sharing” payments to municipalities pursuant to RSA 31-A:4; and,
- The remainder deposited into the gaming regulatory fund.

In addition to license fees, the bill imposed a variety of application and investigation fees. In each case, the bill states that if the cost of processing each application or conducting each investigation exceeds the amount of the fee, the applicant shall pay the difference. The fees are as follows:

- Application fees for a Category 1 or Category 2 license are \$400,000 to cover the Gaming Commission’s costs for processing and review.
- Applicants seeking an operator license will be required to pay an investigation fee of \$100,000 to be used by the Department of Justice to defray the cost of the applicant’s background investigation.

The Lottery Commission estimates the following activity related to application and license fees:

	FY 2016	FY 2017	FY 2018	FY 2019
Category 1 Applications (2 @ \$400,000) <sup>1</sup>	\$800,000	\$0	\$0	\$0
Category 2 Applications (2 @ \$400,000) <sup>1</sup>	\$0	\$0	\$800,000	\$0
Attorney General Background (2 @ \$100,000 in each FY 16 & 18) <sup>1</sup>	\$200,000	\$0	\$200,000	\$0
Category 1 License Fee (1 @ \$80,000,000) <sup>1</sup>	\$0	\$80,000,000	\$0	\$0
Category 2 License Fee (1 @ \$40,000,000) <sup>1</sup>	\$0	\$0	\$0	\$40,000,000
<b>Total (Gaming Regulatory Fund)</b>	<b>\$1,000,000</b>	<b>\$80,000,000</b>	<b>\$1,000,000</b>	<b>\$40,000,000</b>
Slot Machine Fee (3,500 @ \$600) <sup>2</sup>	\$0	\$0	\$0	\$2,100,000
<b>Total (Public Health Trust Fund)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,100,000</b>

<sup>1</sup> Revenue deposited in the gaming regulatory fund.

<sup>2</sup> Revenue deposited public health trust fund administered by the Gaming Commission.

The Lottery Commission makes the following assumptions in estimating the potential gaming revenue impact of this bill:

- The two gaming locations will include a total of 5,000 slot machines & 240 table games;
- There is not a gaming facility within the metro region of Boston, Massachusetts, a location closer to the New Hampshire border, or in the southern portion of the State of Maine (south of Portland) operating in the next biennium;
- Siting of the casino locations is done for optimal revenue impact;

- There will be neither temporary facilities nor phased approaches to construction;
- The Category 1 facility will be in operation July 2018, and the Category 2 facility will be open no sooner than July 2020;
- Slot machines will average \$250 in gross machine income per day and \$2,200 in gross table game revenue per day, beginning July 1, 2018; and,

Based on the above assumptions, the Lottery Commission estimates a total of \$134,907,650 in tax revenue under this bill in FY 2018, the assumed first full year of operation for the Category 1 facility. The Commission assumes two casinos operating in the state will decrease traditional lottery net revenue by \$5,800,000 to \$7,200,000 per year. With respect to Lottery Commission expenditures, the Commission estimates they will incur \$780,000 in personnel and contractor expenditures per year leading up to the opening of a facility, and in the first full year of operation it estimates its personnel related expenses will total \$140,000 and an additional \$3,000,000 in costs relative to a central computer system to manage casino data. The cost for the central computer system would increase to a total of \$4,500,000 per year when both casinos are in operation.

Based on the Commission's revenue estimates, under this bill gross slot machine and table game revenue would be distributed as follows:

	FY 2019
<b><u>Gaming Revenue</u></b>	
# Slot Machines	3,500
Average Daily Gross Machine Revenue (Per Machine)	\$250
Average Daily Gross Machine Revenue (All Machines)	\$875,000
Estimated Annual Gross Machine Revenue (All Machines)	\$319,375,000
<b>Gross Slot Machine Tax Revenue (35%)</b>	<b>\$111,781,250</b>
# Table Games	160
Average Daily Gross Table Game Revenue (Per Table)	\$2,200
Average Daily Gross Table Game Revenue (All Tables)	\$352,000
Estimated Annual Gross Table Game Revenue (All Tables)	\$128,480,000
<b>Gross Table Game Tax Revenue (18%)</b>	<b>\$23,126,400</b>
<b>Total Tax Revenue</b>	<b>\$134,907,650</b>
<b><u>Distribution/Allocation of Revenue</u></b>	
Host Community (3% of Gross Slot Machine Revenue)	(\$9,581,250)
Abutting Communities (1% of Gross Slot Machine Revenue)	(\$3,193,750)
Host County (1% of Gross Slot Machine Revenue)	(\$3,193,750)
DHHS for Problem Gaming (1% of Gross Slot Machine Revenue)	(\$3,193,750)

"Revenue Sharing" Payments to Communities	(\$25,216,054)
Subtotal	(\$44,378,554)
<b>Gaming Regulatory Fund (Net Revenue After Distributions)</b>	<b>\$90,529,096</b>

Under this bill, reimbursements of certain expenditures shall be made from available funds in the Gaming Regulatory Fund to the Gaming Commission, Gaming Regulatory Oversight Authority, the Department of Justice (Attorney General), the Department of Safety, and local law enforcement agencies. The amounts and timing of such reimbursements is indeterminable.

The Racing and Charitable Gaming Commission states the bill will impact its organizational structure, however does continue to allow for the operation of charitable gaming in the state. The bill states that any charity that held charitable games pursuant to RSA 287-D or 287-E during FY 2013 or FY 2014 shall be entitled to receive an annual adjusted charitable benefit, which could offset potential loss in charitable gaming revenue resulting from this bill. The Commission states it is unable to determine any reduction or increase in revenue garnished from this calculation, as the adjusted charitable benefit is a concept not currently used by the Commission. The Commission states that although indeterminable, there may be a reduction of revenues garnished from charitable gaming as a whole, since the intent of the bill is to allow for forms of non-charitable gaming.

The Department of Safety states this bill establishes a Gaming Enforcement Unit within the Division of State Police. The Unit will be charged with investigating violations of the bill's provisions, initiating proceedings before the Lottery Commission for such violations, participating in hearings conducted by the Commission, and reporting the results of investigations to the Commission. In addition, the Unit will investigate any crimes that occur at a gaming facility, and present its findings to the appropriate prosecuting authority for potential prosecution in a criminal court. Based on the assumption once this legislation passes a casino could be operational during FY 2018, the Department assumes that prior to the actual opening of a casino significant efforts would be required to establish the gaming enforcement unit within the Division of State Police, including hiring and training of required personnel. This effort would require coordination with other state agencies and cannot be estimated at this time. While the Department states it is unable to estimate FY 2016 and FY 2017 costs, it has provided the following costs assuming a casino opening in FY 2018:

	FY 2018	FY 2019
<b><u>Salary and Benefits for 32 Employees</u></b>		
(2) State Police Lieutenant		
(2) State Police Sergeant	\$3,721,383	\$3,762,961
(26) State Police Detective		

(2) Administrative Secretary		
Overtime and Part-Time Employee Costs	\$176,850	\$176,850
Training	\$60,000	\$60,000
Operating Expense	\$136,720	\$130,720
Equipment	\$1,666,155	\$0
<b>Total Costs</b>	<b>\$5,761,108</b>	<b>\$4,130,531</b>

Under this bill, the Department of Safety may receive a distribution of gaming revenue for costs not covered by any other designated source of funding. Additionally, this bill allows the Governor and Executive Council, upon request from the Commissioner of the Department to authorize a transfer of general funds as necessary for the Department to implement and enforce RSA 21-P:7-d and RSA 284-B, as established under this bill.

The Department of Justice states this bill would authorize the licensing of two casinos, which would be regulated by the Gaming Commission and its Division of Casino Gaming. The Division of Casino Gaming would act as primary enforcement agent for regulatory matters and the Division of State Police Gaming Enforcement Unit would be responsible for investigations and violations under the gaming statutes and rules adopted thereunder related to the gaming floor and restricted areas of each gaming location. The Department states under this bill it would be responsible for conducting a background investigation of any applicant for a gaming license and conducting background investigations of applicants for a principal license, key employee license, and technology provider license. Under this bill, gaming applicants would be required to pay an investigation fee of \$100,000 to cover the Department of Justice's costs relative to conducting a background investigation on applicants for a gaming license, as well be responsible to cover any costs in excess of \$100,000, therefore making this responsibility of the Department revenue neutral. To cover the background investigations on applicants for principal licenses, key employee licenses, and technology provider licenses, the Department anticipates needing temporary full-time investigators, full-time financial analysts, and part-time paralegals, however is unable to estimate how many personnel would be needed as it would depend on the number of applicants, which is indeterminable. In addition to applicant background investigations, the Department would also be responsible for the following:

- Investigating and prosecuting regulatory violations;
- Prosecute criminal violations;
- Serve as legal counsel to the Gaming Commission to promulgate administrative rules, conduct administrative hearings, and manage its obligation to perform gambling oversight; and,
- Provide legal counsel to the Division of Casino Gaming relative to overseeing the daily operations and legal compliance.

The Department of Justice anticipates the following costs relative to these other responsibilities:

	FY 2016	FY 2017	FY 2018	FY 2019
<b><u>Personnel, Equipment, and Supply Costs</u></b>				
(6) Full-Time Attorneys				
(2) Full-Time Investigators				
(2) Full-Time Legal Secretaries				
(1) Full-Time Prosecutor	\$1,204,000	\$1,219,000	\$1,234,000	\$1,249,000
(2) Part-Time Legal Secretaries				
(1) Part-Time Paralegal				

Under this bill, the Department of Justice may receive a distribution of gaming revenue for costs not covered by any other designated source of funding.

The Department of Health and Human Services states that based on current staffing levels for prevention and treatment service programs, the Department would need to establish two new full-time positions. The Department states additional funds will be used for media advertising and outreach, information development and dissemination, data collection and research to determine the scope of problem gambling and effectiveness of interventions and contracts for outpatient gambling addiction. This bill allocates one percent of gross slot machine income to the Department to support programs established under RSA 172 to treat problem gaming. While the Department cannot estimate the year's in which this revenue may be realized, it does anticipate the following costs related to establishing the new program:

	FY 2016	FY 2017	FY 2018	FY 2019
<b><u>Salary and Benefits for 2 Employees</u></b>				
(2) Program Specialist III	\$0	\$140,328	\$147,108	\$154,407
Operating Expense	\$0	\$350	\$350	\$350
Equipment	\$0	\$5,000	\$0	\$0
Contract Costs	\$500,000	\$604,322	\$602,542	\$595,243
<b>Total Costs</b>	<b>\$500,000</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$750,000</b>

The New Hampshire Liquor Commission states the bill allows it to issue a cocktail lounge license to two gaming facilities, and anticipates an increase enforcement demand as a result. The Commission state a cocktail lounge license is \$1,200, therefore \$2,400 (\$1,200 X 2 facilities) of fee revenue would be collected from the two facilities annually. The Commission further states it would need to hire additional enforcement and support personnel to meet the enforcement demand this bill would create. The Commission states it would need at least six



months to prepare personnel for the opening of the gaming facilities described in this bill, and therefore assuming facilities open in July 2018, it would incur the following costs:

	FY 2018	FY 2019
<b><u>Salary and Benefits for Seven Employees</u></b> <i>(Including Overtime, Equipment, &amp; Supplies):</i>		
(1) Lieutenant		
(1) Sergeant	\$651,000	\$680,000
(4) Liquor Investigators		
(1) Administrative Assistant		

The New Hampshire Municipal Association states this bill provides for the operation of slot machines and table games at two gaming locations in the state. Under this bill, the community in which casinos are located and abutting communities would receive portions of gaming revenue. Also, this bill, subject to available gaming revenue, would reestablish revenue sharing payments to municipalities under RSA 31-A:4. The Association states establishment of a gaming location in any municipality would be subject to approval by the voters of the municipality. A public hearing would be required prior to a vote, and notice of said hearing must be posted in two public places and published in newspaper of general circulation. The Association states publication of the hearing would increase municipal expenditures, as would a vote if it were not included as part of a regular municipal election, however this bill does provide that the gaming applicant shall pay all costs associated to procedures for local adoption. The Association states the establishment of a gaming facility will also impact the property tax base in the host municipality, which may impact local tax revenues, tax rates, or both. Lastly, the Association states this bill will likely result in additional expenditures relative to public safety and infrastructure requirements, however based on potential timeline of the opening of a casino, it does not anticipate impacts to be prior to FY 2018.

This bill may result in various criminal penalties including violation level offenses, misdemeanors, and felonies. Also, this bill allows for administrative appeals to the state Supreme Court. This bill may result in a fiscal impact on state agencies and county government as there may be an increase in prosecutions, incarcerations, and administrative appeals as a result of this bill. While it is not possible to estimate how many individuals may be prosecuted or incarcerated or how many administrative appeals may be filed, each potentially affected agency has provided the following data for information purposes:

	FY 2016	FY 2017
<b><u>Judicial Branch</u></b>		
Average Cost Per Case (Violation Level Offense)	\$47	\$49
Average Cost Per Case (Class B Misdemeanor)	\$48	\$51

Average Cost Per Case (Class A Misdemeanor)	\$69	\$71
Average Cost Per Case (Routine Felony)	\$438	\$453
Average Cost Per Case (Routine Equity Case)	\$242	\$253
Average Cost Per Case (Routine Complex Equity Case)	\$699	\$712
Appeals	Varies	
<b><u>Judicial Council</u></b>		
Public Defender Program	Has contract with State to provide services	
Contract Attorney – Felony	\$756/Case	
Contract Attorney – Misdemeanor	\$275/Case	
Assigned Counsel – Felony	\$60/Hour up to \$4,100	
Assigned Counsel – Misdemeanor	\$60/Hour up to \$1,400	
<b><u>Department of Corrections</u></b>		
FY 2014 Average Cost of Incarcerating an Individual	\$33,540	
FY 2014 Average Cost of Supervising an Individual on Parole/Probation	\$535	
<b><u>NH Association of Counties</u></b>		
County Prosecution Costs	Indeterminable	
Estimated Average Cost of Incarcerating an Individual	\$35,000	\$35,000

# Amendments

Sen. D'Allesandro, Dist. 20  
February 18, 2015  
2015-0463s  
08/10



Amendment to SB 113-FN-A-LOCAL

1 Amend the introductory paragraph of RSA 284-B:32, IV(a)(8) as inserted by section 1 of the bill by  
2 replacing it with the following:

3

4 (8) Data center space for a central computer system:

5

6 Amend RSA 284-B:33, II(c) as inserted by section 1 of the bill by replacing it with the following:

7

8 (c) Ensuring that each slot machine and fully automated electronic gaming table directly  
9 provides or communicates all required activities and financial details to the central computer  
10 system.

11

12 Amend RSA 284-B:43, II(b) as inserted by section 1 of the bill by replacing it with the following:

13

14 (b) The communications protocol and technical standards applicable to the central  
15 computer system.

Sen. D'Allesandro, Dist. 20  
March 2, 2015  
2015-0645s  
08/09



Amendment to SB 113-FN-A-LOCAL

1 Amend RSA 284-B:14, I as inserted by section 1 of the bill by replacing it with the following:

2

3 I. The commission shall award one category 1 gaming license and one category 2 gaming  
4 license, as defined in paragraphs II and III of this section, for 2 separate gaming locations.

5

6 Amend RSA 284-B:14, V as inserted by section 1 of the bill by replacing it with the following:

7

8 V. No gaming licenses shall be issued in addition to the 2 authorized by this section until  
9 both gaming licenses authorized by this chapter are issued and a performance audit has been  
10 recommended by the joint legislative performance audit and oversight committee and the  
11 recommendations have been accepted by the legislature. Thereafter, the commission shall not be  
12 given the authority to issue any additional licenses unless the issuance of such licenses is approved  
13 by a majority vote of both houses of the general court.



Senate Ways and Means  
March 4, 2015  
2015-0723s  
08/09

Amendment to SB 113-FN-A-LOCAL

1 Amend RSA 284-B:14, I as inserted by section 1 of the bill by replacing it with the following:

2

3 I. The commission shall award one category 1 gaming license and one category 2 gaming  
4 license, as defined in paragraphs II and III of this section, for 2 separate gaming locations.

5

6 Amend RSA 284-B:14, V as inserted by section 1 of the bill by replacing it with the following:

7

8 V. No gaming licenses shall be issued in addition to the 2 authorized by this section until  
9 both gaming licenses authorized by this chapter are issued and a performance audit has been  
10 recommended by the joint legislative performance audit and oversight committee and the  
11 recommendations have been accepted by the legislature. Thereafter, the commission shall not be  
12 given the authority to issue any additional licenses unless the issuance of such licenses is approved  
13 by a majority vote of both houses of the general court.

14

15 Amend the introductory paragraph of RSA 284-B:32, IV(a)(8) as inserted by section 1 of the bill by  
16 replacing it with the following:

17

18 (8) Data center space for a central computer system:

19

20 Amend RSA 284-B:33, II(c) as inserted by section 1 of the bill by replacing it with the following:

21

22 (c) Ensuring that each slot machine and fully automated electronic gaming table directly  
23 provides or communicates all required activities and financial details to the central computer  
24 system.

25

26 Amend RSA 284-B:43, II(b) as inserted by section 1 of the bill by replacing it with the following:

27

28 (b) The communications protocol and technical standards applicable to the central  
29 computer system.

# Committee Minutes

**AMENDED**  
**SENATE CALENDAR NOTICE**  
**WAYS AND MEANS**

Printed: 02/12/2015 at 8:59 am

Senator David Boutin Chairman  
Senator Lou D'Allesandro V Chairman  
Senator Andy Sanborn  
Senator Chuck Morse  
Senator Dan Feltes

For Use by Senate Clerk's Office ONLY	
<input type="checkbox"/>	Bill Status
<input type="checkbox"/>	Docket
<input type="checkbox"/>	Calendar
Proof: <input type="checkbox"/>	Calendar <input type="checkbox"/> Bill Status

Date: February 12, 2015

**HEARINGS**

**Tuesday**

**2/17/2015**

WAYS AND MEANS

Reps Hall

9:00 AM

(Name of Committee)

(Place)

(Time)

**EXECUTIVE SESSION MAY FOLLOW**

**Comments:** Please note the location of the hearing has moved from SH103 to Reps Hall and the time has been moved up to 9:00.

9:00 AM SB113-FN-A-L relative to video lottery and table gaming.

**Sponsors:**

**SB113-FN-A-L**

Sen. Lou D'Allesandro  
Rep. Richard Hinch  
Sen. Jeff Woodburn

Rep. Edmond Gionet  
Rep. Gary Azarian  
Sen. Nancy Stiles

Sen. Andrew Hosmer  
Sen. Donna Soucy  
Sen. Bette Lasky

Rep. Katherine Rogers  
Sen. Chuck Morse  
Rep. Eric Estevez

Sonja Caldwell 271-2117

Sen. David Boutin

Chairman



# Ways and Means Committee

*Sonja Caldwell, Legislative Aide*

**SB113-FN-A-L-** relative to video lottery and table gaming.

**Hearing date:** February 17, 2015

**Members present:** Sen. Boutin, Sen. D'Allesandro, Sen. Morse, Sen. Sanborn, Sen. Feltes

**Members absent:** No one

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**Sponsor(s):** Sen. D'Allesandro, Dist 20; Sen. Hosmer, Dist 7; Sen. Soucy, Dist 18; Sen. Morse, Dist 22; Sen. Woodburn, Dist 1; Sen. Stiles, Dist 24; Sen. Lasky, Dist 13; Rep. Gionet, Graf 5; Rep. Rogers, Merr 28; Rep. Hinch, Hills 21; Rep. Azarian, Rock 8; Rep. Estevez, Hills 37

**What the bill does:** This bill I. Establishes the gaming commission and places the lottery commission and racing and charitable gaming commission under its jurisdiction as separate divisions.

II. Allows for the selection and operation of 2 casinos in New Hampshire, including the operation of video slot machines and table games.

III. Establishes the gaming enforcement unit in the division of state police.

IV. Distributes proceeds from gross slot machine income and gross table game income to reimburse the gaming regulatory oversight authority for certain expenses and to pay for the operation of the gaming commission.

V. Distributes a percentage of proceeds from gross slot machine revenue and gross table game revenue to the host community, those communities abutting the host community, the host county, the department of health and human services to support addiction programs to cities and towns under the revenue sharing agreement, and the gaming regulatory fund.

VI. Establishes the gaming regulatory fund.

*Those who signed in for and against the bill are too numerous to list here. Please refer to the original sign in sheets for this information.*

**Summary of testimony received:**

**Sen. D'Allesandro** – this bill will have a positive effect on everyone in NH. It establishes a Gaming Commission and places the existing Lottery Commission and the Racing and Charitable Gaming Commission under its jurisdiction. It authorizes two casinos in NH. It establishes a gaming enforcement unit within the State Police. It distributes income to reimburse the gaming regulatory oversight authority for expenses. A percentage of

proceeds go to the host community and abutters, HHS, cities and towns under revenue sharing and the gaming regulatory fund. \$25.2 million goes to communities under the restoration of revenue sharing. The bill prohibits the use of EBT cards at casino facilities. The bill creates a new chapter, RSA 284-B Gaming Regulation.

- Establishes a 5 member commission as an executive agency branch, members will be appointed to 4 year terms.
- Number of gaming licenses: a category 1 license will allow 80-160 table games and 2,000- 3,500 video lottery machines. A category 2 license will allow 25-80 table games and 750-1,500 video lottery machines.
- \$80 million license fee for category 1; \$40 million license fee for category 2; both would expire after 10 years.

The bill has been changed and has evolved over the years to incorporate changes and concerns that have been raised.

The bill will create jobs, provide needed private capital and private investment, and provide assistance for addiction that we don't have today.

Massachusetts is getting close to starting on their casino facilities but NH can be competitive with them. We're a tourist state and a good place to do business. The bill failed in the House last year by just one vote. The people of NH have voiced support for gaming. Charitable gaming is taken care of in the bill - charities will be protected. The state has a responsibility to do something about revenue sharing and it's important to note that this bill restores revenue sharing.

**Sen. Feltes** asked if he would be open to reducing the number of casinos to 1.

**Sen. D'Allesandro** said no.

**Sen. Feltes** asked if he would let the abutting communities vote.

**Senator D'Allesandro** said he'd let the whole state vote.

**Sen. Sanborn** said he thinks the \$80 million fee is a barrier.

**Sen. D'Allesandro** responded that anyone applying for the license should have the financial ability to sustain the facility. This fee is similar to other entities around the country. It's a valuable license and the fee is reasonable.

**Sen. Boutin** asked where the money goes.

**Senator D'Allesandro** responded with the following breakdown of gross tax revenue:

3% of gross slot revenue to host community

1% of gross slot equally divided among abutters

1% to county in which host community is located

1% to support addiction treatment programs

Remaining gross slot revenue goes to revenue sharing

The balance will be deposited in gaming regulatory fund.

**Steve Duprey** - opposed

- Admits there is more detail in this bill.
- Casino gambling is bad because it's like the crack cocaine of legislative funding. It's addictive and revenues are erratic.
- No state that has ever adopted casino gambling has ever stopped at just one or two casinos. Once hooked, no state has ever given up on it.
- NH is unique because of our cultural organizations and they will be negatively impacted by gambling.

- A year ago the governor said we couldn't meet the state's needs without casino revenue and we did. We always fashion a budget that works without gambling revenue.
- Every AG in the history of NH has opposed casino gambling if the issue has arisen during their tenure. It doesn't improve communities.
- Brand impact: NH is promoted as a wholesome family environment. He is in the tourism industry and spends \$3 million per year promoting that brand. He heard from one casino developer that they would spend \$30-40 million on advertising for the casino and that will trump other advertising and be bad for tourism.
- The impending \$1.1 billion destination casino in MA makes this a useless endeavor.

**Rep. Kathy Rogers - support**

- Legislators work on behalf of people who have no choices and nowhere to turn.
- This is a revenue plan based on choice. If people don't want to participate then they don't have to.
- It's not a tax.
- The revenue that this bill would bring to Concord will help citizens struggling to pay their bills and their taxes.

**Rep. Patty Lovejoy – opposed - concerned about proliferation.** The 10-year moratorium and the 2/3 requirement are gimmicks. No legislature can bind a future legislature.

**Rep. Azarian - support**

- Is from Salem.
- This bill tightens up rules and has good regulation.
- This bill provides jobs.
- Will increase economic development in the state as a whole; will help attract new businesses to the state.
- Unemployed people have more of a negative social impact on the state than casinos would.

**Sen. Sanborn - this bill will benefit some communities over others**

- If Salem was to get the venue, they would be taking the risk, in return for them taking the risk, they should get a benefit. He would support the host community having a private agreement with the operator instead.

**Rep. Richard Ames - support**

- Chaired the study commission to set up the gaming regulatory oversight authority. One of the arguments against gambling in the past was that the regulatory framework hadn't been sufficiently developed.
- Worked for 6 months to produce a bill and that language is included in this bill.
- The bill has a robust system of checks and balances.
- Law enforcement for the locality will cost money and that's the reason for the host community getting more money.
- LBA has audit authority.

- In terms of adverse social effects - a comprehensive regulatory system can be very effective.
- The revenues will be substantial and sustainable.

**Sen. Fuller Clark** - opposed

- Nothing has changed in terms of the concern of those opposed to gambling for many years.
- Concerned about the number of casinos and proliferation in the future.
- A casino in NH couldn't compete with the ones that will be in MA.
- This will take money out of the pockets of NH citizens.

**Rep. Gionet** – support - casino industry creates thousands of good jobs with benefits. The licensees invest their own money and take all the risk.

**Rep. Estevez** - support

- Will help economic development and tourism as well as with property tax relief.
- NH needs revenue to meet demands.
- Northern New England is an untapped market for casinos.
- We already have gambling in the state in the form of scratch tickets and lottery.
- We already have drug addiction and gambling addiction because people gamble in other states; at least this bill will provide protections.

**Rep. Cloutier** - support

- He changed his mind about gambling after listening to his constituents, many of whom go to CT to gamble.
- His community has the highest property tax rate in the state and this bill will give them some relief.
- NH is one of the safest states in the nation. The lottery has been around 50 years and has not destroyed our quality of life. A couple of casinos are not going to hurt our quality of life.

**Rep. Dick Hinch** – support

- Is a cosponsor and long supporter of the idea.
- Gambling is popular among his constituents.
- This bill has tough oversight and protections for addiction.
- The tax rates in the bill are higher than MA but competitive with others around the country. This will allow us to tap into the millions of dollars already spent by granite stators in gambling elsewhere. If not this, what is our alternative?

**Vicki Clark** – Executive Director of the Capital Center for the Arts. Opposed - Will have a negative impact on the Arts. Submitted written testimony.

**Candace Bouchard** - support

- Has seen impacts of downshifting of state budget to local towns and counties as a Concord city councilor. Downshifting impacts city budgets.
- Since 2009 Concord has seen \$9 million in cuts from the state. To counter that, they've cut 42 positions, and the vehicle fleet has been cut by 8%.
- When the state hospital couldn't take care of mental health patients, the county jail and Concord hospital were impacted.
- She doesn't believe a casino will harm facilities like the Capital Center for the Arts. Discretionary income won't all go to casinos; if people want to see a show or movie, they'll do it.
- Having a casino won't hurt our brand; most people are used to casinos in the states they live in.

**Sally Davis** - League Of Women Voters

- They oppose the bill because it violates principles of sound tax policy. Revenue is not reliable.
- Many of those who gamble are in a financial bind.
- Will add to alcohol and drug addiction.

**Clif Below** - opposed

- Over the past 16 years there has been an increasing sophistication of gambling devices.
- Forms of charitable gaming that we have in the state now have been found to be fairly low risk in terms of problem gambling. In contrast, slot machines and high stakes table games have been found to create problem gambling. Forms that aren't continuous don't draw people in.
- Risk of problem gambling is higher for those who live closer to casinos.
- Benefits are short term and easy to measure but the risks are long term and harder to measure.
- Gambling addiction is closely related to alcohol and drug abuse.
- Gambling addiction can lead to domestic violence.
- Gambling industry relies on habitual players. There are vulnerable populations at heightened risk of problem gambling: elderly, war veterans, economically disadvantaged, those with addiction, mental health issues, and low self esteem.

**Sen. Morse** – support

- His community supports this at 81%. He grew up in that community.
- We've never told another town what they're going to build.
- No one ever thought horse racing was going to go away. They hate seeing the track sit there undeveloped.
- All Salem is asking for is an opportunity to get one of these licenses.
- Having two casinos was done to make a better bill, not to create more gambling.

**Sgt. Patrick Cheetham** - Londonderry PD. Served on the gaming regulatory oversight committee. The NH Police Association supports the bill. Other law enforcement told the committee there was no increase in crime as a result of casinos in their states.

**Major Russ Conte** - NH State Police. He is representing the Dept of Safety, which is neutral in their position on the bill. Jurisdiction would be concurrent but the state police would have sole jurisdiction on the gaming floor. Local police would have concurrent jurisdiction in all areas.

**Donna Morris** - Salem Chamber Of Commerce - support

- 82% in non binding referendum supported this. Salem is a prime location and Rockingham Park is looking for tools to make their industry successful.
- Not true that casinos kill local business; they actually stimulate business.

**Donna Powers** – support

- Worked at Seabrook poker room and now works at Rockingham poker room as a pit dealer.
- If this bill doesn't pass - players won't go there anymore when MA institutes a casino.
- Concerned that she will lose her job and charities won't be able to survive.
- 39 other states have legal casino gaming. 75% of people in NH want a casino.
- Jobs will boost the economy and quality of life.

**Clyde Barrow** – support

- Has studied casino gaming for 20 years. He has studied gaming in the northeast from Ohio to Maine.
- 17<sup>th</sup> time he's testified in NH since 2008 on gambling. SB113 gets it right. It is state of the art legislation based on the findings of two other study committees.
- With regard to saturation - statements about casino revenues failing are false. Gaming revenues are up.

**Carl Nolin** – support

Poker rooms support small non profits such as the Lions Club, Retired Americans, etc. The Lions Club does many charitable acts like providing eyeglasses, and those types of acts save the state money. They provide other services to NH residents and support youth activities like legion baseball. He supports the bill because it will assist these non profits.

**William Wortman** – support

- Has been coming here for several years giving a commitment to the state.
- Has been in gambling business for 40 years and was a CPA before that.
- Has committed to build a facility and spend \$650 million for the facility if they are chosen. They wouldn't do that if they didn't think this was a sound business investment.
- It will be a NH style casino that will be a destination resort.
- Commitment comes with significant jobs: 1700 permanent good paying career jobs.
- They view what they do as a partnership with the state.
- They have an interest in Rockingham Park.

**Joe Casey - Building And Construction Trades Council – support**

- Has worked construction in NH for 20 years.
- In construction you're constantly searching for your next job.
- Keeping our youth in NH means giving them opportunity but the construction trades are down 10,000 jobs and they don't have enough work to go around.
- They had 100 applicants for an apprenticeship program and could only take 2 or 3.
- NH has never seen a project this big. If we have a capital investment of 650 million that will put so many people to work.

**Maureen Sullivan – Executive Director of child advocacy center – support**

- They are a non profit and they fulfill a critical need.
- They've had to form new partnerships in order to sustain themselves and one has been with the Racing and Charitable Gaming Commission. They need that revenue stream.
- If this bill doesn't pass and gambling begins in MA, it will negatively impact them.

**John Zudell - VP operations at NH Motor Speedway. Support**

- Speedway is the largest sporting venue in the northeast.
- They would like to apply for the other license.
- Their industry is competitive. A casino hotel project like this would help them be competitive so they can keep their races.

**Bill McLaughlin - 40 years in racing and gaming sector. Here on behalf of Rochester Fair, which is a NH non profit. They are interested as well. He is presenting documentation.**

**Jim Demers – support**

- Mr. Duprey said no state that has adopted casinos has stopped at just one or two and the fact is that just about every state has stopped at the number that was in their law. He cited several examples.
- Mr. Duprey also said that one potential casino developer would spend \$30-40 million in advertising. That's exorbitant and Mr. Demers has never heard those kinds of numbers mentioned before.

# Speakers



SENATE WAYS AND MEANS COMMITTEE

**SPEAKING**

Date: February 17, 2015 Time: 9:00 a.m. Public Hearing on SB113-FN-A-L

SB 113-FN-A-L, relative to video lottery and table gaming.

FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
<input checked="" type="checkbox"/>	<input type="checkbox"/>	SGT. PATRICK CHEETHAM	NH POLICE ASSOC.
<input type="checkbox"/>	<input type="checkbox"/>	SIM GREENE	The Eight Pol. Inc
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clyde Barrow	UT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	William Wortman	Cannery
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Donna Morris	Salem Chamber
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Maureen Sullivan	Child Advocacy Center
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Candace Bouchard	Concord
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Bill McLaughlin	Rochester Fair Association
<input checked="" type="checkbox"/>	<input type="checkbox"/>	John Zudell	NH Motor Speedway
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Joe Casey	NH Building Trades Council
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>Rep. Katherine Rogers</del>	Merr. Mack Dist #28
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>Donna Morris</del>	<del>Greater Salem Chamber</del>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>Rep. Gary Hox</del>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>Rep. Gary Azaria</del>	Co-sponsor
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Wonna M. Powers	Poker Dealers
<input checked="" type="checkbox"/>	<input type="checkbox"/>	PARL NOLIN	Poker Rm - non profit
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<del>Rep. Paty Kovacs</del>	Rockingham 36
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>Candace Bouchard</del>	<del>Concord</del>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	CHIEF DICK CRATE	NH ASSOC OF CHIEFS OF POLICE

SENATE WAYS AND MEANS COMMITTEE

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FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>Rep. Ken Wagner</del>	Rock 13
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Steve Duprey	Casino Free NH
<input checked="" type="checkbox"/>	<input type="checkbox"/>	MAJOR RUSS CONTE	DEPT OF SAFETY
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>REP. RICHARD JAMES</del>	CHESHIRE 9
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Nicki Clarke	Capitol Center for the Arts
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Cliff Below	SELF
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Sally Davis	League of Women Voters NH
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>EDMOND BRUNET REP. BRUNET</del>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Laura Heaney	AFI - NH
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SENATE WAYS AND MEANS COMMITTEE

**SPEAKING**

Date: February 17, 2015 Time: 9:00 a.m. Public Hearing on SB113-FN-A-L

SB 113-FN-A-L, relative to video lottery and table gaming.

FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SENATOR MARTHA FULLER	CLARK DIST 21
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Jim DeWitt	Millennium
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Dick Hatch	co-sponsor Hillsborough Dist 21
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Did not speak



SENATE WAYS AND MEANS COMMITTEE

NOT SPEAKING

Date: February 17th, 2015 Time: 9:00a.m. Public Hearing on SB113-FN-A-L

SB 113-FN-A-L relative to video lottery and table gaming

FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Senator Lasky	SD# 13
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Christian Bogacz	Capitol Center <sup>for</sup> Arts
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Ellen Kolb	self
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Amanda C. Godlewski	NH Attorney General's office
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep Linda DiSilvestro	Manchester
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Joyce Cardozo	ITASE 195 + 481
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Kayla McCartney	PFFNH
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Clare Chapman	NH Council of Clergy
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep Robert Walsh	Hills Dist #1 Manchester
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Bryan McCormack	Cornerstone Policy research
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep Brian Chirchello	Rock 6 Derry
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep Michael Cahill	Rock 17 Newmarket
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep David Dufrenoy	MERR 20
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Jay Ward	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Cynthia L. Chase	Cheshire 8
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep Kenneth Holden	Teamsters Local 438
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Harriet Spencer	AFSCME Cnel 93
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SENATE WAYS AND MEANS COMMITTEE

NOT SPEAKING

Date: February 17th, 2015 Time: 9:00a.m. Public Hearing on SB113-FN-A-L

SB 113-FN-A-L relative to video lottery and table gaming

FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Edward Dupont	NH Motor Speedway
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Virginia D. Iwin	Rep. Sullivan 9
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# Testimony

**RESEARCH DIVISION**

**Office of Legislative Services**

**Room 112, State House, 107 N. Main St., Concord, NH 03301-4951**

**(603) 271-3326**

**Research Brief #2014-43138**

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**Subject: "AN ACT relative to video lottery and table gaming."**

**Date: January 30, 2015**

**From: Richard M. Lambert  
Senior Researcher**

**To: Senator Lou D'Allesandro**

You requested a section-by-section analysis of 2015 Senate Bill 113, "AN ACT relative to video lottery and table gaming."

**Overview:**

This legislation would:

- Establish a Gaming Commission and place the existing Lottery Commission and the existing Racing and Charitable Gaming Commission as separate divisions under the Gaming Commission's jurisdiction.
- Allow for the selection and operation of 2 casinos in New Hampshire, including the operation of video slot machines and table games.
- Establish a Gaming Enforcement Unit in the Division of State Police.
- Distribute proceeds from gross slot machine income and gross table game income to reimburse the gaming regulatory oversight authority for certain expenses and to pay for the operation of the Gaming Commission.
- Distribute a percentage of proceeds from gross slot machine revenue and gross table game revenue to the host community, those communities abutting the host community, the host county, the Department of Health and Human Services to support addiction programs, to cities and towns under the revenue sharing agreement, and the gaming regulatory fund.
- Prohibit the use of electronic benefit transfer cards at establishments licensed by the Gaming Commission.
- Establish a gaming regulatory fund.

## Section 1:

### ♦ **New Chapter; Gaming Regulation.**

Establishes a new chapter in the statutes: New Hampshire Revised Statutes Annotated (RSA) 284-B, Gaming Regulation, which would consist of the following sections:

- **RSA 284-B:1 Statement of Purpose**, provides a statement of purpose.
- **RSA 284-B:2 Definitions**, defines the following key terms used in the chapter: "Affiliate," "Applicant," "Associated equipment," "Cash," "Cash Equivalent," "Cashable promotional credit," "Cashless wagering system," "Casino management system," "Central computer system," "Chair," "Commission," "Complimentary services," "Count room," "Credit," "External bonusing system," "Game," "Gaming," "Gaming applicant," "Gaming employee," "Gaming equipment," "Gaming floor," "Gaming license," "Gaming licensee," "Gaming location," "Gaming ticket system," "Gaming vendor," "Gross slot machine revenue," "Gross table game revenue," "Holding company," "Host community," "Impacted live entertainment venue," "Immediate family," "Independent testing laboratory," "Institutional investor," "Intermediary company," "Jackpot," "Junket," "Junket enterprise," "Junket representative," "Key employee," "Licensee live entertainment venue," "Management company," "Management contract," "Major policymaking position," "Minimum theoretical payout percentage," "Money," "Multi-casino progressive system," "Non-cashable promotional credit," "Non-gaming employee," "Non-gaming vendor," "Officer," "Person," "Player," "Player tracking system," "Principal," "Progressive controller," "Progressive play," "Progressive play system," "Rake," "Restricted area," "Slot data system," "Slot machine," "Subsidiary," "Table game," "Table game device," "Ticket," and "Wager."
- **RSA 284-B:3 Gaming Commission**, establishes a 5-member gaming commission as an executive branch agency. The members will be appointed for 4-year terms, unless removed by cause, by the governor with the advice of the executive council.
- **RSA 284-B:4 Divisions of State Lottery, Racing and Charitable Gaming, and Gaming Control**, establishes 3 divisions within the Gaming Commission:
  - The Lottery Division.
  - The Racing and Charitable Gaming Division.
  - The Gaming Control Division.Each division will be administered by an executive director, whose responsibilities are set forth in the section.
- **RSA 284-B:5 General and Specific Powers of the Gaming Commission**, establishes that the Commission shall have general and exclusive regulatory authority and responsibility over gaming and authorizes the commissioners to create rules for gaming, oversee the acceptance and rejection of all licenses, transfer or reassign personnel, and delegate, transfer or assign the authority to administer and operate any program or service of the Commission.

- **RSA 284-B:6 Exercise of the Commission's Power to Sanction**, authorizes the Commission to impose administrative sanctions. The authority will not limit the authority of the Attorney General.
- **RSA 284-B:7 Powers of the Attorney General**, grants independent authority to the Attorney General to fulfill the AG's responsibilities to ensure compliance with RSA 284-B.
- **RSA 284-B:8 Powers of the Division of State Police Gaming Enforcement Unit**, sets forth the authority of the Gaming Enforcement Unit of the State Police.
- **RSA 284-B:9 Rulemaking**, establishes the rulemaking authority of the Gaming Commission relative to video lottery and table games, and to implement, administer, and enforce a comprehensive regulatory scheme. The section requires the Commission to adopt specific rules as set forth in the section under RSA 541-A.
- **RSA 284-B:10 Central Computer System**, requires the Commission to operate a single central monitor and control system into which all licensed video lottery machines will be connected and sets specific standards for that system.
- **RSA 284-B:11 Records; Confidentiality**, requires the Commission to maintain a list of license applicants and any materials related to criminal records of applicants. The section requires the Commission to publish certain information on its Internet website. The section provides that personal and financial information of applicants shall be kept confidential, except pursuant to court orders or requests from the Attorney General or law enforcement authorities. In addition, meeting minutes and records must be kept and made available to the public.
- **RSA 284-B:12 Employees and Contractors**, authorizes the Gaming Commission, Attorney General, and Division of State Police Gaming Enforcement Unit to employ assistants, and contract for consultants and other technical or professional services, as they deem necessary. The section provides that compensation for employees, assistants and contractors will be funded by proceeds paid or received by the Gaming Commission.
- **RSA 284-B:13 Annual Report to the General Court**, requires the Gaming Commission to submit annual reports no later than November 1 of each year to the Fiscal Committee of the General Court regarding the generation of revenue from slot machines and table games.

- **RSA 284-B:14 Number of Gaming Licenses**, provides that the Gaming Commission shall review, select, and grant not more than 2 licenses located at separate gaming locations, and establishes the number of table games and slot machines at each location as follows:
  - For a Category 1 license: 80 to 160 table games and 2,000 to 3,500 video lottery machines.
  - For a Category 2 license: 25 to 80 table games and 750 to 1,500 video lottery machines.
  
- **RSA 284-B:15 Procedures for Adoption by Local Community**, establishes procedures for a city or town to adopt the provisions of RSA 284-B to allow the operation of table games and video lottery machines in its community. The section requires the question of whether to adopt the provisions of RSA 284-B to be put to the voters, either by referendum or vote at a town meeting. When a gaming applicant requests a municipality to adopt the provisions of RSA 284-B, to allow video lottery and table gaming, the applicant must pay all costs associated with the request.
  
- **RSA 284-B:16 Gaming License Authorization; Hours of Operation**, establishes the hours the casinos may operate.
  
- **RSA 284-B:17 Gaming License Application Requirements**, seeks to facilitate a timely and orderly deployment of licensed gaming operations by requiring the Gaming Commission to adopt a schedule by which applications for the category 1 and category 2 gaming licenses will be accepted, reviewed, granted or denied.  
 Establishes a detailed process for gaming license applications, including extensive criminal history and financial background checks. The section requires applicants to provide a detailed description of the proposed gaming project and specifies what information must be supplied.
  
- **RSA 284-B:18 Gaming License Fees; License Term**, establishes the following fees:
  - A nonrefundable gaming license application fee of \$400,000 for a Category 1 or Category 2 applicant to be used to defray the cost of processing applications (if the processing cost exceeds the fee, the applicant pays the difference within 15 days of receiving a detailed invoice). The amount will be deposited in the gaming regulatory fund and available to the state in the fiscal year received.
  - A nonrefundable investigation fee of \$100,000 for all applicants for a gaming license to defray the cost of the background investigation incurred by the Attorney General (if the cost of the background investigation exceeds the fee, the applicant pays the difference within 15 days of receiving a detailed invoice). The amount will be deposited in the gaming regulatory fund and available to the state in the fiscal year received.
  - An initial license fee of \$80,000,000 for a Category 1 gaming license and \$40,000,000 for a Category 2 gaming license. The license would expire after 10 years, subject to renewal. The fees will be paid to the gaming regulatory fund and distributed according to the provisions set forth in the section.

- A license renewal fee of \$1,500,000 for a Category 1 and Category 2 license. The person receiving a license renewal must pay all costs incurred by the Attorney General to conduct an investigation with regard to the renewal application. The amount will be deposited in the gaming regulatory fund and available to the state in the fiscal year received.

The section establishes a nonlapsing "Gaming Regulatory Fund" in the State Treasurer's Office.

- **RSA 284-B:19 Application Completeness Review**, establishes procedures for the Gaming Commission to review applications and accompanying submissions for completeness. The section establishes a process for notifying applicants who have submitted incomplete applications and provides additional time for applicants to submit additional information.
- **RSA 284-B:20 License Background Review**, establishes a process for the Attorney General to conduct background reviews.
- **RSA 284-B:21 Grounds for Denial of a License**, establishes a process for the Gaming Commission to determine whether an applicant has met the standards for licensure.
- **RSA 284-B:22 Gaming License Decision**, requires the Gaming Commission to adopt rules to relative to the issuance and renewal of licenses. Specific criteria are set forth in the section.
- **RSA 284-B:23 Minimum Capital Investment**, requires an applicant for a Category 1 license to agree to make a minimum capital investment in the gaming project and requires that the investment shall not be less than \$450,000,000, exclusive of land acquisition, off-site improvement costs, and license fees. The section requires that an applicant for a Category 2 license to agree to make a minimum capital investment in the gaming project and requires that the investment shall not be less than \$125,000,000, exclusive of land acquisition, off-site improvement costs, and license fees. The full capital investment must be made within 5 years of the date of issuance of a gaming license.
- **RSA 284-B:24 Revocable Privilege; Limits on License Transfer and Transfer of an Interest**, provides that any gaming license may be conditioned, suspended, or revoked upon a finding by the Commission. The section requires prior approval by the Gaming Commission for a licensee to transfer a license.
- **RSA 284-B:25 Individuals Employed by a Gaming Licensee**, requires the Commission to adopt rules relating to individuals employed by gaming licensees and requires background checks by the Attorney General of such employees
- **RSA 284-B:26 Key Employee Licensing**, requires background checks by the Attorney General.



- **RSA 284-B:27 Gaming Employee Registration**, requires background checks by the Attorney General.
- **RSA 284-B:28 Non-Gaming Employee Permit**, requires background checks by the Attorney General.
- **RSA 284-B:29 Persons Doing Business with a Gaming Licensee**, requires the Gaming Commission to adopt rules governing how persons will do business with gaming licensees.
- **RSA 284-B:30 Gaming Vendor Licensing**, requires background checks by the Attorney General.
- **RSA 284-B:31 Non-Gaming Vendor Registration**, requires background checks by the Attorney General.
- **RSA 284-B:32 Issuance of an Operation Certificate to a Gaming Licensee**, requires that Gaming licensees cannot begin operating until they receive their certificate.
- **RSA 284-B:33 A Gaming Licensee's System of Internal Controls**, requires gaming licensees to provide a written description of their internal controls to the Gaming Commission.
- **RSA 284-B:34 A Gaming Licensee's Books, Records and Documents**, requires that a gaming licensee shall maintain and retain all books, records, and documents pertaining to the operation of slot machines and table games in accordance with such rules and at such location as shall be authorized by the Commission, and shall maintain all books, records, and documents pertaining to the operation of slot machines and table games immediately available for inspection, upon request of the commission, the division of state police gaming enforcement unit, the attorney general, or agents thereof, during all hours of operation, and that, no later than 2 days after the date of filing with the applicable agency, a gaming licensee shall file with the Commission a copy of each Suspicious Activity Report-Casino and Currency Transaction Report by Casino filed under 31 C.F.R. sections 1000-1099.
- **RSA 284-B:35 Prohibition on Credit and Play with Credit Cards or Debit Cards**, prohibits the use of credit cards or debit cards for gambling activities.
- **RSA 284-B:36 Complimentary Services**, prohibits free alcoholic beverages.
- **RSA 284-B:37 Betting Limits and Disclosure Requirements Applicable to a Cashless Wagering System**, establishes requirements for cashless wagering systems.
- **RSA 284-B:38 Disclosure Requirements Applicable to a Player Tracking System**, requires monthly statements.

- **RSA 284-B:39 Tips and Gratuities**, requires the commission to adopt rules relating to the acceptance, accounting for, and distribution of tips and gratuities received by an employee of a gaming licensee from a player at a slot machine or table game, and prohibits a key employee, box person, floor person, or other gaming employee who serves in a supervisory position, from soliciting or accepting tips and gratuities, and prohibits an employee from soliciting a tip or gratuity from a player at a slot machine or table game.
- **RSA 284-B:40 Exclusion of Individuals Under the Age of 21 from a Gaming Location**, establishes provisions strictly prohibiting persons under the age of 21 from playing a video lottery machine or table game.
- **RSA 284-B:41 Exclusion of an Individual from a Gaming Location**, authorizes the Gaming Commission to exclude certain individuals from gaming locations.
- **RSA 284-B:42 Self-Exclusion by an Individual from a Gaming Location**, allows a person who determines he/she has a gambling addiction problem to provide his/her name to be excluded from gaming locations.
- **RSA 284-B:43 Authorized Gaming; Possession, Testing, and Certification**, prohibits gaming licensees from using any gambling device not approved by the Gambling Commission.
- **RSA 284-B:44 Payout Percentage**, requires that all slot machines shall provide a minimum theoretical payout percentage of 85% and a maximum theoretical payout percentage of less than 100%. The section requires that each slot machine displays the payout information.
- **RSA 284-B:45 Wagers; Table Games Gaming Guide**, requires gambling licensees to display at each gaming table information about the minimum and maximum wagers.
- **RSA 284-B:46 Gaming Ticket Expiration, Unclaimed Tickets, Cash, and Prizes**, requires that all tickets given as prizes or winnings from slot machines shall be redeemed for cash within 1 year of winning and provides that, after the 1-year period, the value of unredeemed tickets shall revert to the state as an unclaimed prize.
- **RSA 284-B:47 Junkets**, provides that no junket may be organized or permitted, and no person may act as a junket representative or junket enterprise, except as authorized by the commission.

- **RSA 284-B:48 Gross Revenue Tax and Other Assessments Payable by a Gaming Licensee**, requires a gaming licensee to remit to the state treasurer a tax of 35% of gross slot machine and 18% of gross table game revenue to be distributed as follows:
  - 3% of the gross slot machine revenue will go to the host community.
  - 1% of the gross slot machine revenue will be equally divided among each NH community abutting the host community.
  - 1% of the gross slot machine revenue will go to the county in which the host community is located.
  - 1% of the gross slot machine revenue will be allocated to support programs to treat problem gambling and related disorders of drug and alcohol addiction.
  - The remaining gross slot machine revenue will go to revenue sharing up to the statutory formula.
  - The balance will be deposited in the gaming regulatory fund. The section requires that the Gaming Commission shall then:
    - Reimburse funds received by the Commission from activities related to horse and dog racing, games of chance, bingo and lucky 7, the tri-state lotto, and the Gaming Commission's expenses.
    - Reimburse funds received by the Gaming Regulatory Oversight Authority from activities related to horse and dog racing, and the tri-state lotto.
    - Pay for the expenses of the Gaming Commission.

The section provides that the General Court shall determine the distribution of the balance of tax payments on gross slot machine revenue and gross table game revenue after all of the distributions and charges required under the section have been made.

The section also requires gaming licensees to pay an annual \$600 fee per slot machine and requires that the fees shall be deposited into a public health trust fund, administered by the Commission, to address problems associated with compulsive gambling.

- **RSA 284-B:49 Conservatorship** provides that if a gambling licensee cannot operate a gambling operation for any reason, the Gaming Commission may appoint another entity to operate it.
- **RSA 284-B:50 Prohibitions on Certain Political Contributions**, prohibits the giving of political contributions, or things of value, including gifts or loans, by a gaming applicant, a gaming licensee, a close associate of a gaming applicant or gaming licensee or any holding, intermediary, or subsidiary company of a gaming applicant or gaming licensee or any dependent person thereof; an officer, director, key employee, or principal of a gaming applicant or gaming licensee; a person who holds at least a one percent interest in a gaming applicant or gaming licensee; the spouse or children of a gaming applicant or gaming licensee; or any person or agent acting on behalf of any of the persons enumerated, to public officials or candidates for public office, or political parties in New Hampshire or a spouse, parent, sibling, child or business associated with a public official or candidate.

- **RSA 284-B:51 Data; Research**, requires gaming licensees to supply the Gaming Commission with customer tracking data collected or generated by loyalty programs, player tracking software, player card systems, cashless wagering systems, or any other player incentive related information system. The Gaming Commission is required to contract with an experienced nonprofit research entity to develop an anonymizing system that automatically removes from the data personal identifying information and slot machine identifying information. The section requires the Gaming Commission to convey the anonymized data to a research facility which shall make the data available to qualified researchers for conducting analyses that improve understanding of how gambling addiction develops and progresses, developing evidence-based harm minimization strategies, and developing evidence-based systems to monitor, detect, and intervene in high-risk gambling. The section requires the Gaming Commission to request reports on researcher analyses of the behavioral data, which could provide informed recommendations to the general court relative to more effective regulation of gambling operations, and authorizes the Commission to directly initiate studies assessing the effectiveness of any specific measures, programs, or interventions which the state has imposed on its gaming licensees and which might be illuminated through the behavioral data in question. The Commission, with the advice of the gaming regulatory oversight authority, shall develop an annual research agenda in order to understand the social and economic effects of expanding gaming in New Hampshire and to obtain scientific information relative to the neuroscience, psychology, sociology, epidemiology, and etiology of gambling. The commissioner of Health and Human Services, with the advice and consent of the Commission, may expend funds received pursuant to RSA 284-B:48 to implement the objectives of the research agenda. The section requires that the Commission shall annually make scientifically-based recommendations which reflect the results of this research to the General Court. The Commission shall consider any such recommendations, research, and findings in all decisions related to enhancing responsible gaming and mitigating problem gambling.
- **RSA 284-B:52 Adjusted Charitable Benefit**, provides that any charity that legally held charitable games in the state during FY 13 or FY14 shall be eligible to receive an adjusted charitable benefit according to the formula set forth in the section.
- **RSA 284-B:53 Legal Shipment of Gaming Devices into New Hampshire**, permits the shipment of authorized gaming devices into the state.
- **RSA 284-B:54 Declaration of Limited Exemption from Operation of the Provisions of 15 U.S.C. sections 1171-1178**, declares a limited exemption from the provisions of a federal law relating to the transportation of gambling devices.
- **RSA 284-B:55 Severability and Preemption**, provides that if any part of the law is held to be invalid, the other parts shall not be affected. The section also provides that all provisions of the law shall prevail over any provision of existing state or local law with which it conflicts.

**Section 2:**

- ◆ **Gaming Regulatory Oversight Authority**, repeals and reenacts existing RSA 284-A to establish the following sections:
  - 284-A:1 **Gaming Regulatory Oversight Authority**
  - 284-A:2 **Functions and Duties of the Authority**

**Section 3:**

- ◆ **New Sections; Department of Safety; Gaming Enforcement Unit Established**, amends existing RSA 21-P to establish a Gaming Enforcement Unit within the New Hampshire Department of Safety's Division of State Police.

**Section 4:**

- ◆ **Restriction on Gambling**, amends existing RSA 284 to establish specific restrictions on gambling.

**Section 5:**

- ◆ **New Paragraph; Facility License; Cocktail Lounge License**, amends existing RSA 178 to authorize the issuance of special cocktail lounge licenses to persons holding a gaming license.

**Section 6:**

- ◆ **New Subparagraph; Authorized Slot Machines and Table Games**, amends existing RSA 647:2 to authorize slot machines and table games.

**Sections 7 through 11:**

- ◆ Amends existing RSA 172 to establish a program within the Department of Health and Human Services for the treatment and rehabilitation of problem gamblers and the prevention and control of gambling abuse.

**Section 12 through 14:**

- ◆ Amend existing RSA 647 to establish provisions for gaming offenses.

**Section 15:**

- ◆ **Issuance of Reports**, amends existing RSA 20 to strike the references to the Lottery Commission and the Racing and Charitable Gaming Commission, and adds the Gaming Commission as one of the state agencies required to issue agency reports annually.

**Section 16:**

- ◆ **New Subparagraph; Application of Receipts; Gaming Regulatory Fund**, amends existing RSA 6:12, I(b) to provide that the moneys received by the State Treasurer for the newly-established gaming regulatory fund will be placed in a dedicated fund.

**Section 17:**

- ◆ **Transfer of Powers**, provides that the transfer of powers, rights, duties and responsibilities to the Commission shall not take effect until all 5 commissioners are appointed and sworn.

**Section 18:**

- ◆ **Revenue Sharing with Cities and Towns**, states that General Court intends that the 35% tax on gross slot machine revenue and the 18% tax on gross table game revenue paid by gaming licensees shall be used for revenue sharing with the state's cities and towns pursuant to RSA 31-A.

**Section 19:**

- ◆ **Change from "Racing and Charitable Gaming Commission" to "Gaming Commission,"** changes existing statutory references replacing "racing and charitable gaming commission" with "gaming commission."

**Section 20:**

- ◆ **Change from "Racing and Charitable Gaming Commission" to "Racing and Charitable Gaming Division,"** changes existing statutory references replacing "racing and charitable gaming commission" with "racing and charitable gaming division."

**Section 21:**

- ◆ **Change from "Lottery Commission" to "Gaming Commission,"** changes existing statutory references by replacing "lottery commission" with "gaming commission."

**Section 22:**

- ◆ **Change from "Lottery Commission" to "Lottery Division,"** changes existing statutory references by replacing "lottery commission" with "lottery division."

**Section 23:**

- ◆ **Change from "Lottery Commission and Racing and Charitable Gaming Commission" to "Gaming Commission,"** changes existing statutory references replacing "lottery commission and racing and charitable gaming commission" with "gaming commission."

**Section 24:**

- ◆ **Gaming Regulatory Oversight Authority; Reference Changed,** changes the reference in existing RSA 284-A:1, III from lottery "commission" to lottery "division."

**Section 25:**

- ◆ **Effective Date.**

Provides that the act shall take effect upon passage.

**Two License Expanded Gaming Bill with Revenue Sharing**

Provision	Explanation
<b>Authorization of Gaming</b>	
<b><u>Authorization of Two Licenses</u></b>	<ul style="list-style-type: none"> <li>• Authorizes (i) one category 1 license with up to 160 table games and 3,500 slots, and a minimum of 80 table games and 2,000 slots; and (ii) one category 2 license with up to 80 table games and 1,500 slots, and a minimum of 25 table games and 750 slots</li> <li>• Requires minimum capital investment of: (i) \$375 million for category 1; and (ii) \$125 million for category 2, excluding the cost for land acquisition, offsite improvements and licensing fees.</li> <li>• Requires license fees of: (i) \$80 million for category 1; and (ii) \$40 million for category 2</li> <li>• Provides that licenses are issued pursuant to competitive bidding process before Gaming Commission</li> </ul>
<b><u>Moratorium on Additional Licenses</u></b>	Provides for a 10 year moratorium on the issuance of licenses beyond the 2 authorized, and provides that after that 10-year period a new license could only be issued with two-thirds approval by both the House and Senate
<b><u>Local Approval</u></b>	Provides that no casino can be located in any NH community unless that community authorizes the proposal by local vote
<b>Property Tax Relief</b>	
<b><u>Restoration of Revenue Sharing to Cities and Towns</u></b>	<ul style="list-style-type: none"> <li>• Revenue sharing has been suspended every year since 2010, thus eliminating the property tax relief to NH cities and towns that this provision would otherwise afford; prior to suspension, total pool of revenue sharing funds available for distribution to cities and towns had averaged approximately \$25 million</li> <li>• Fully restores revenue sharing to the same form in which it existed prior to being suspended in 2010</li> </ul>
<b>Charitable Gaming Protection</b>	
<b><u>Charitable gaming hold harmless provision</u></b>	<ul style="list-style-type: none"> <li>• Applies to any charity that participated in charitable gaming (games of chance, bingo) during FY 2013 or 2014 and continues to hold at least one night of charitable gaming every other year after the casino opens</li> <li>• Provides that eligible charities would be made whole for any difference between charitable gaming receipts in FY2013/2014 and charitable gaming receipts in any fiscal year after the casino opens, <b><u>indefinitely</u></b></li> </ul>

<b>Taxes and Allocation of Revenue</b>	
<b><u>Tax Rates</u></b>	Provides for rate of 35% on slot revenues (10% higher than MA), 18% on table game revenues and \$600 per year assessment on each slot machine
<b><u>Allocation of certain slot revenues</u></b>	Provides for partial allocation of slot revenues: (1) 3% to host community; (2) 1% to abutting communities; (3) 1% to host county; (4) 1% to problem gambling fund; (5) amount sufficient to fund revenue sharing with cities and towns; and (6) balance into gaming regulatory fund. Reinstates the revenue sharing local aid that was suspended in 2010 which results in \$25.2 million per year being distributed to cities and towns.
<b>Regulation of Gaming</b>	
<b><u>Licensing and Registration</u></b>	<ul style="list-style-type: none"> <li>• Provides that gaming applicants, principals and key employees of gaming applicants, and gaming vendors must be licensed</li> <li>• Provides that non-key gaming employees, non-gaming employees and non-gaming vendors are subject to registration or permitting</li> </ul>
<b><u>Background Reviews</u></b>	Provides that all applicants for licenses must submit to the AG for a comprehensive background review; AG has 120 days to complete such reviews but may ask for good cause extensions. <b>The Commission may not issue any type of license if the AG has determined that the applicant for that license is not suitable.</b>
<b><u>Impacted live entertainment venue protection</u></b>	Protects impacted NH non-profit or municipal performance venues by requiring casino with an entertainment venue to negotiate agreements with impacted venues to mitigate negative consequences; limits indoor casino entertainment venue to no more than 1,500 seats
<b><u>Prohibition on free alcohol</u></b>	Prohibits casino from offering free alcohol anywhere at the gaming location (not just the gaming floor) and requires the casino to comply with the existing free drink prohibition in NH law to the same extent as any other licensee
<b><u>Restrictions on use of credit, debit and ATM cards at casino/Prohibition on Use of EBT Cards</u></b>	<ul style="list-style-type: none"> <li>• Prohibits the use of credit, debit or ATM cards at a slot machine or table game, and permits the use of such cards to purchase credits or obtain cash only through a payment processor licensed by the gaming commission</li> <li>• Amends RSA 167:7-b, I by providing that a casino or other entity licensed by the newly created gaming commission must enforce the prohibition on the use of EBT cards for gambling</li> </ul>
<b><u>Competitive bidding for central computer system</u></b>	Provides that if Gaming Commission elects to use a central computer system that it must be competitively bid in accordance with RSA 21-I



<b><u>Prohibition on Political Contributions</u></b>	Includes broad prohibition on political contributions by gaming licensees and related entities and persons
<b><u>Security and Internal Controls</u></b>	Requires licensee to develop and implement comprehensive security and internal control procedures subject to review by Commission
<b><u>Exclusion of Individuals Under 21</u></b>	Provides that gaming or presence on gaming floor by those under 21 is prohibited
<b><u>Exclusion and Self-Exclusion Lists</u></b>	Provides that Commission must maintain lists of persons excluded from gaming at casino and licensee must comply with exclusion lists
<b><u>Problem Gaming</u></b>	Provides for research of and treatment of problem gaming and funding for both
<b><u>Restriction on Transfer of License</u></b>	Prohibits transfer of gaming license without the prior approval of the Commission
<b>Regulatory Enforcement</b>	
<b><u>Creation of Gaming Commission</u></b>	<ul style="list-style-type: none"> <li>• Creates a 5-member Gaming Commission that would have responsibility for the lottery, racing and charitable gaming and casino gaming authorized under this bill</li> <li>• Establishes lottery, racing and charitable gaming and gaming control divisions within the Gaming Commission</li> <li>• Limits Gaming Commission's authority to that expressly provided in statute</li> </ul>
<b><u>AG Authority</u></b>	Provides that: (i) AG has principal law enforcement authority with respect to gaming; (ii) AG may act on his or her own motion to conduct investigations or prosecute violations; and (iii) AG has the discretion to determine what law enforcement powers it delegates to the gaming commission.
<b><u>Gaming Enforcement Unit</u></b>	Creates a gaming enforcement unit within the State Police to enforce provisions of gaming law on the gaming floor
<b><u>Rulemaking</u></b>	<ul style="list-style-type: none"> <li>• Requires that all rules promulgated by gaming commission must be adopted pursuant to standard RSA 541-A process for any other rules; gaming commission rules will not be exempt from RSA 541-A in any respect</li> <li>• Provides that gaming license cannot be issued until rules are in place</li> <li>• Provides that the gaming commission may not delegate its rulemaking authority to any other person</li> </ul>
<b><u>Standard for Appeal of Gaming Commission Decisions</u></b>	Provides that burden of proof on appeals is the same as for any other appeal under the Administrative Procedure Act (i.e., the standard in RSA 541:13).



## Chamber of Commerce

February 17, 2015

RE: SB-113 - Expanded gaming

Dear Mr. Chairman Boutin.

My name is Donna Morris, and I serve as the President of the Greater Salem Chamber of Commerce. I am here today to convey the support of my Chamber for Expanded Gaming in the state of New Hampshire, and in particular at Rockingham Park.

Over the years I have heard the opponents of expanded gambling say not every city and town in New Hampshire wants a casino in their community, and I think that is probably accurate. But in Salem, the community is overwhelmingly in support of hosting a casino. As a matter of fact, two years ago the town voted by referendum to support a casino with almost 82% voting in favor. SB113 has a provision which requires a local referendum in any community where a casino is proposed. That gives the residents a big voice in this process. As you can see, Salem is willing, able and ready to do its part.

We believe there is not a better location in the entire New England region for a casino than Rockingham Park. Just over the border from Massachusetts, and right off Interstate 93, Salem is positioned to draw Massachusetts' customers with driving ease and access. We are excited and impressed with the facility that has been proposed. We know it will fit perfectly with our community and our strategic location.

Opponents like to say that a casino kills businesses. However, the facts show just the opposite. There are now 41 states that have casino gambling. The ones that thoughtfully awarded a number of licenses that fit with their populations are flourishing. However, it isn't just the casinos that are doing well, economic development and business development are also booming. If we look right next-door, in Maine (where there are 2 casinos), related business development is skyrocketing. Oxford is one of the Maine towns with a casino; it's a small town 40 miles from Portland. They now have a \$125 million dollar proposal from an investor to build a hotel, restaurant, RV park and retail store mall across the street from the casino. In Bangor, where the other casino is located, there are 6 new hotels that have been built since 2006 and the existing hotels and restaurants have seen their businesses grow. The Bangor Mall has added over 600,000 square feet of retail space. In both towns, the casinos are driving economic growth. And the 2 casinos in Maine, in addition to bringing about 1,500 jobs, had an estimated economic impact in 2014 of \$227 million dollars pumped into the Maine economy including patron spending at restaurants, hotels, retail stores, suppliers and casino revenues. In Washington County, Pennsylvania, where the Cannery Casino Resorts has a casino very similar to what they have proposed for Salem, they have seen over \$1 billion dollars in development since the casino opened including 6 new hotels, restaurants and even a Tanger outlet mall. There is no doubt a casino in New Hampshire will have the same positive economic impact.



Greater Salem  
Chamber of Commerce

Mr. Chairman, my Chamber is comprised of industry leaders and business professionals in the areas we serve. Our organization, representing over 450 local businesses, that are committed to building a strong economy for the State and a flourishing business climate that brings customers and jobs to New Hampshire. There is no doubt expanded gaming will bring customers and revenue to our state. It will put our building and construction trades back to work. It will create thousands of new good paying permanent jobs. It will bring business and economic development. These are all things this State needs so badly.

We want to urge you to make the decision that is in the best interest of NH and support expanded gaming.

Thank you.

Donna Morris  
President

**U.S. GROSS COMMERCIAL GAMING REVENUE**

*(amount wagered less winnings)*

(in billions, USD)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Colorado	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.7
Delaware											0.6	0.6	0.6	0.5	0.4
Florida											0.2	0.3	0.4	0.4	0.4
Illinois	1.4	1.7	1.8	1.8	1.7	1.7	1.8	1.9	2.0	1.6	1.4	1.4	1.5	1.6	1.6
Indiana	1.5	1.7	1.8	2.1	2.2	2.4	2.4	2.6	2.6	2.7	2.8	2.8	2.7	2.6	2.3
Iowa	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.4	1.4	1.4	1.4	1.4	1.5	1.4
Kansas											0.0	0.0	0.0	0.3	0.4
Louisiana	1.4	1.8	1.8	2.0	2.0	2.2	2.2	2.6	2.6	2.6	2.5	2.4	2.4	2.4	2.4
Maine											0.1	0.1	0.1	0.1	0.1
Maryland												0.0	0.2	0.4	0.7
Michigan	0.2	0.7	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.3	1.4	1.4	1.4	1.3
Mississippi	2.6	2.7	2.7	2.7	2.7	2.8	2.5	2.6	2.9	2.7	2.5	2.4	2.2	2.3	2.1
Missouri	0.9	1.0	1.1	1.3	1.3	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.7
Nevada	9.0	9.6	9.5	9.4	9.6	10.6	11.6	12.6	12.8	11.6	10.4	10.4	10.7	10.9	11.1
New Jersey	4.2	4.3	4.3	4.4	4.5	4.8	5.0	5.2	4.9	4.5	3.9	3.6	3.3	3.1	3.1
New Mexico											0.2	0.2	0.2	0.2	0.3
New York											1.0	1.1	1.3	1.8	1.8
Ohio														0.4	0.4
Ohio											0.1	0.1	0.1	0.1	0.1
Oklahoma									1.1	1.6	2.0	2.5	3.0	3.2	3.2
Pennsylvania											0.5	0.5	0.5	0.5	0.6
Rhode Island															0.1
South Dakota	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
West Virginia											0.9	0.9	1.0	0.9	0.9
<b>Total United States</b>	<b>22.6</b>	<b>25.1</b>	<b>25.6</b>	<b>26.5</b>	<b>27.0</b>	<b>28.9</b>	<b>30.3</b>	<b>32.4</b>	<b>34.1</b>	<b>32.5</b>	<b>34.3</b>	<b>34.6</b>	<b>35.6</b>	<b>37.3</b>	<b>37.3</b>
<b>%-Y/Y</b>		<b>11.1%</b>	<b>2.0%</b>	<b>3.5%</b>	<b>1.9%</b>	<b>7.1%</b>	<b>4.7%</b>	<b>7.0%</b>	<b>5.3%</b>	<b>-4.7%</b>	<b>5.4%</b>	<b>0.9%</b>	<b>3.0%</b>	<b>4.8%</b>	<b>-0.1%</b>

Source: American Gaming Association, Perspecta Trust Analysis

**For Discussion Purposes Only**  
**SB 366, Section 18 - Restoration of Revenue Sharing pursuant to RSA 31-A**  
**Estimated Town By Town Annual Distribution**

City/Town	FY TBD*
ACWORTH	\$9,721
ALBANY	\$5,624
ALEXANDRIA	\$14,185
ALLENSTOWN	\$91,575
ALSTEAD	\$17,248
ALTON	\$31,607
AMHERST	\$86,790
ANDOVER	\$22,680
ANTRIM	\$31,771
ASHLAND	\$69,044
ATKINSON	\$30,888
AUBURN	\$31,522
BARNSTEAD	\$42,519
BARRINGTON	\$64,596
BARTLETT	\$15,130
BATH	\$8,326
BEDFORD	\$155,590
BELMONT	\$77,735
BENNINGTON	\$51,171
BENTON	\$1,605
BERLIN	\$1,043,452
BETHLEHEM	\$33,221
BOSCAWEN	\$49,771
BOW	\$101,328
BRADFORD	\$25,890
BRENTWOOD	\$29,474
BRIDGEWATER	\$5,570
BRISTOL	\$67,338
BROOKFIELD	\$5,212
BROOKLINE	\$30,097
CAMPTON	\$33,797
CANAAN	\$40,420
CANDIA	\$32,196
CANTERBURY	\$15,910
CARROLL	\$6,147
CENTER HARBOR	\$25,930
CHARLESTOWN	\$86,771
CHATHAM	\$1,256
CHESTER	\$22,780
CHESTERFIELD	\$32,920
CHICHESTER	\$17,185
CLAREMONT	\$470,626

\*Revenue sharing will be restored effective as of the fiscal year in which payments are first made pursuant to RSA 284-B:48 (Gross Revenue Tax and Other Assessments).

**For Discussion Purposes Only**  
**SB 366, Section 18 - Restoration of Revenue Sharing pursuant to RSA 31-A**  
**Estimated Town By Town Annual Distribution**

City/Town	FY TIBD*
CLARKSVILLE	\$1,319
COLEBROOK	\$64,426
COLUMBIA	\$8,617
CONCORD	\$1,239,277
CONWAY	\$128,418
CORNISH	\$24,957
CROYDON	\$8,502
DALTON	\$16,229
DANBURY	\$10,102
DANVILLE	\$21,745
DEERFIELD	\$39,719
DEERING	\$22,282
DERRY	\$498,946
DORCHESTER	\$11,801
DOVER	\$600,243
DUBLIN	\$21,837
DUMMER	\$4,221
DUNBARTON	\$17,075
DURHAM	\$162,084
EAST KINGSTON	\$12,632
EASTON	\$1,315
EATON	\$3,816
EFFINGHAM	\$9,239
ELLSWORTH	\$971
ENFIELD	\$55,841
EPPING	\$67,128
EPSOM	\$36,694
ERROL	\$4,396
EXETER	\$284,030
FARMINGTON	\$80,672
FITZWILLIAM	\$29,615
FRANCESTOWN	\$21,333
FRANCONIA	\$17,693
FRANKLIN	\$316,936
FREEDOM	\$6,875
FREMONT	\$29,323
GILFORD	\$86,370
GILMANTON	\$32,896
GILSUM	\$10,219
GOFFSTOWN	\$232,273
GORHAM	\$322,531
GOSHEN	\$11,784

\*Revenue sharing will be restored effective as of the fiscal year in which payments are first made pursuant to RSA 284-B:48 (Gross Revenue Tax and Other Assessments).

**For Discussion Purposes Only**  
**SB 366, Section 18 - Restoration of Revenue Sharing pursuant to RSA 31-A**  
**Estimated Town By Town Annual Distribution**

City/Town	FY TBD*
GRAFTON	\$10,596
GRANTHAM	\$10,843
GREENFIELD	\$21,983
GREENLAND	\$17,287
GREENVILLE	\$62,764
GROTON	\$4,064
HAMPSTEAD	\$58,028
HAMPTON	\$144,775
HAMPTON FALLS	\$13,985
HANCOCK	\$20,000
HANOVER	\$190,516
HARRISVILLE	\$13,543
HART'S LOCATION	\$171
HAVERHILL	\$82,588
HEBRON	\$9,525
HENNIKER	\$64,434
HILL	\$4,874
HILLSBOROUGH	\$99,042
HINSDALE	\$61,899
HOLDERNESS	\$16,860
HOLLIS	\$50,863
HOOKSETT	\$171,984
HOPKINTON	\$71,975
HUDSON	\$249,211
JACKSON	\$12,609
JAFFREY	\$122,877
JEFFERSON	\$8,831
KEENE	\$1,058,779
KENSINGTON	\$13,328
KINGSTON	\$47,216
LACONIA	\$646,946
LANCASTER	\$79,374
LANDAFF	\$4,424
LANGDON	\$6,583
LEBANON	\$382,372
LEE	\$37,605
LEMPSTER	\$13,175
LINCOLN	\$125,966
LISBON	\$48,665
LITCHFIELD	\$64,378
LITTLETON	\$139,723
LONDONDERRY	\$295,785

\*Revenue sharing will be restored effective as of the fiscal year in which payments are first made pursuant to RSA 284-B:48 (Gross Revenue Tax and Other Assessments).

**For Discussion Purposes Only**  
**SB 366, Section 18 - Restoration of Revenue Sharing pursuant to RSA 31-A**  
**Estimated Town By Town Annual Distribution**

City/Town	FY/TBD
LOUDON	\$36,682
LYMAN	\$5,677
LYME	\$20,167
LYNDEBOROUGH	\$11,926
MADBURY	\$13,296
MADISON	\$22,722
MANCHESTER	\$3,955,712
MARLBOROUGH	\$38,385
MARLOW	\$10,778
MASON	\$12,078
MEREDITH	\$76,686
MERRIMACK	\$237,601
MIDDLETON	\$14,123
MILAN	\$12,691
MILFORD	\$229,462
MILTON	\$56,792
MONROE	\$8,594
MONT VERNON	\$20,255
MOULTONBOROUGH	\$24,813
NASHUA	\$2,426,932
NELSON	\$10,364
NEW BOSTON	\$35,693
NEW CASTLE	\$15,909
NEW DURHAM	\$21,940
NEW HAMPTON	\$18,315
NEW IPSWICH	\$60,172
NEW LONDON	\$57,685
NEWBURY	\$13,994
NEWFIELDS	\$18,628
NEWINGTON	\$78,107
NEWMARKET	\$136,570
NEWPORT	\$287,582
NEWTON	\$39,683
NORTH HAMPTON	\$46,641
NORTHFIELD	\$73,133
NORTHUMBERLAND	\$283,577
NORTHWOOD	\$33,537
NOTTINGHAM	\$31,787
ORANGE	\$2,802
ORFORD	\$13,428
OSSIPEE	\$49,188
PELHAM	\$94,504

\*Revenue sharing will be restored effective as of the fiscal year in which payments are first made pursuant to RSA 284-B:48 (Gross Revenue Tax and Other Assessments).



**For Discussion Purposes Only**  
**SB 366, Section 18 - Restoration of Revenue Sharing pursuant to RSA 31-A**  
**Estimated Town By Town Annual Distribution**

City/Town	FY TBD*
PEMBROKE	\$88,616
PETERBOROUGH	\$293,951
PIERMONT	\$7,854
PITTSBURG	\$6,909
PITTSFIELD	\$69,660
PLAINFIELD	\$30,039
PLAISTOW	\$75,483
PLYMOUTH	\$143,271
PORTSMOUTH	\$657,154
RANDOLPH	\$5,382
RAYMOND	\$98,102
RICHMOND	\$11,522
RINDGE	\$57,980
ROCHESTER	\$530,950
ROLLINSFORD	\$45,013
ROXBURY	\$1,731
RUMNEY	\$13,680
RYE	\$55,079
SALEM	\$371,516
SALISBURY	\$9,131
SANBORNTON	\$22,146
SANDOWN	\$51,168
SANDWICH	\$16,667
SEABROOK	\$78,894
SHARON	\$2,551
SHELBURNE	\$4,013
SOMERSWORTH	\$392,348
SOUTH HAMPTON	\$17,780
SPRINGFIELD	\$8,237
STARK	\$5,596
STEWARTSTOWN	\$13,481
STODDARD	\$4,781
STRAFFORD	\$33,854
STRATFORD	\$59,962
STRATHAM	\$41,748
SUGAR HILL	\$13,910
SULLIVAN	\$9,831
SUNAPEE	\$31,656
SURRY	\$5,585
SUTTON	\$17,103
SWANZEY	\$92,039
TAMWORTH	\$26,326

\*Revenue sharing will be restored effective as of the fiscal year in which payments are first made pursuant to RSA 284-B:48 (Gross Revenue Tax and Other Assessments).

**For Discussion Purposes Only**  
**SB 366, Section 18 - Restoration of Revenue Sharing pursuant to RSA 31-A**  
**Estimated Town By Town Annual Distribution**

City/Town	FY TBD*
TEMPLE	\$15,181
THORNTON	\$12,296
TILTON	\$79,985
TROY	\$86,889
TUFTONBORO	\$18,546
UNINC. - COOS CTY	\$6,389
UNITY	\$19,333
WAKEFIELD	\$30,366
WALPOLE	\$72,495
WARNER	\$35,368
WARREN	\$9,943
WASHINGTON	\$9,402
WATERVILLE VALLEY	\$10,239
WEARE	\$78,074
WEBSTER	\$11,183
WENTWORTH	\$7,712
WESTMORELAND	\$17,819
WHITEFIELD	\$35,943
WILMOT	\$9,117
WILTON	\$64,378
WINCHESTER	\$80,402
WINDHAM	\$69,298
WINDSOR	\$770
WOLFEBORO	\$64,581
WOODSTOCK	\$15,588
<b>TOTAL</b>	<b>\$25,216,054</b>

\*Revenue sharing will be restored effective as of the fiscal year in which payments are first made pursuant to RSA 284-B:48 (Gross Revenue Tax and Other Assessments).

Ladies and gentlemen of the committee, hello, my name is Kyle Stimpson, I am the manager of Makris Restaurant, just down the road from here. The Makris family has been in the restaurant business in Concord since the early 1900s. We have faced all types of challenges. With the support of our community; we continue to serve local families and visitors to the Capitol region. I'm proud of our restaurant heritage.

But we face new challenges; bigger than ever before. Our great state risks becoming stagnant in the competition for tourist visits and tourism dollars. We have great things to offer, but the competition is catching us.

That's why the Makris family supports SB 113. We have long supported gambling in New Hampshire as a new entertainment option for people. To attract new customers, you have to offer what they want, you have to compete. And just like any other tourist attraction, this plan will create a magnet for visitors from around New England.

It's simple math. Build a facility like this which attracts millions of visitors every year, and those visitors will also explore our state's other attractions and popular spots. A casino in New Hampshire gives business owners like us a new chance to share in that prosperity and gain new customers. We welcome that opportunity.

Some restaurant owners oppose this idea and see this as a threat to their existence, but if you just take a look at the impact of casinos in states around the country, you will see any predictions of gloom and doom for us all is overstated.

There are 40 states in the country with casinos, and none of us are hearing about the massive losses to the restaurant and lodging industry because of casinos. In fact, many in hospitality work together in unique partnerships with casinos to drive visitors to other establishments to ensure the entire tourism community prospers.

There is much talk about Atlantic City being the reason why New Hampshire should not look at this option. We are not New Jersey. We can learn from other states be successful.

We know Massachusetts will soon open three new casinos. We also know the public in New Hampshire clearly supports casino gambling. Every major statistic

shows New Hampshire citizens gamble, and in big numbers. If they can't do it here, they will take their dollars elsewhere.

Why would we give away such a huge financial advantage to another state, when we know the public wants this? Why would we suffer tens of millions in revenue losses to Massachusetts and Maine and Connecticut, when we know there is already gambling in New Hampshire today? It's here now.

As a state, we take a Live Free or Die approach to government. We sell liquor and take a portion of proceeds; how is gambling any different? With all due respect, if we can flip open my laptop and start gambling in my home right now, why can't we choose to go to a casino in New Hampshire?

This is a no brainer. If you truly support local businesses like mine, you will support this bill. By doing nothing, you will be hurting our entire industry. Thank you.

Kyle, manager, Makris Restaurant,  
Concord, NH,  
973-4605

# The harm that casinos do

By David Frum, CNN Contributor

Updated 8:12 AM EDT, Tue September 24, 2013



CNN.com



**Editor's note:** David Frum, a CNN contributor, is a contributing editor at *The Daily Beast*. He is the author of eight books, including a new novel, *"Patriots,"* and a post-election e-book, *"Why Romney Lost."* Frum was a special assistant to President George W. Bush from 2001 to 2002.

## STORY HIGHLIGHTS

- David Frum says a new report makes clear the damage casinos do
- He says they extract earnings from Americans least able to afford it
- Casinos are bad for property values, don't revive troubled neighborhoods, he says
- Frum: Government benefits from taxes on casinos and officials don't question the harm

David Frum says casinos prey on the Americans who can least afford to lose money.

## (CNN) -- What harm does it do?

That's the challenge the casino industry puts to its critics. A new report by the Institute for American Values presents the answer.

Until the late 1980s, casino gambling was illegal almost everywhere in the country. Today, casinos are allowed in 23 states. These newly authorized casinos are not Las Vegas-style grand hotels. Their customers come from nearby. They don't stay overnight. They don't watch a show or eat in a fine restaurant. Perhaps most surprisingly: they don't play cards.

Modern casino gambling is computer gambling. The typical casino gambler sits at a computer screen, enters a credit card and enters a digital environment carefully constructed to keep them playing until all their available money has been extracted.

Small "wins" are administered at the most psychologically effective intervals, but the math is remorseless: the longer you play, the more you lose. The industry as a whole targets precisely those who can least afford to lose and earns most of its living from people for whom gambling has become an addiction. The IAV report cites a Canadian study that finds that the 75% of casino customers who play only occasionally provide only 4% of casino revenues. It's the problem gambler who keeps the casino in business.

Slot machine payouts vary state by state. Some states set a required minimum: 83% in Arkansas, for example. Others leave that decision up to the casino, as in Georgia and California. Some states require casinos to disclose their payouts. In others, that information is kept confidential. Based on what is published, however, it's a fair generalization that a player can expect to lose 10% to 15% of his or her stake at every session. The cheaper the game, the lower the payout: slots that charge \$5 per round pay better than slots that charge a penny.

When New Jersey allowed casinos into Atlantic City back in 1977, casino advocates promised that gambling would revive the town's fading economy. The casinos did create jobs as promised. But merchants who expected foot traffic to return to the city's main street, Atlantic Avenue, were sorely disappointed. The money that comes to the casinos, stays in the casinos. Liquor stores and cash-for-gold outlets now line the city's once-premier retail strip.

The impact of casinos on local property values is "unambiguously" negative, according to the National Association of Realtors. Casinos do not revive local economies. They act as parasites upon them. Communities located within 10 miles of a casino exhibit double the rate of problem gambling. Unsurprisingly, such communities also suffer higher rates of home foreclosure and other forms of economic distress and domestic violence.

The Institute for American Values is sometimes described as a socially conservative group, but with important caveats. Its president, David Blankenhorn, has publicly endorsed same-sex marriage, and its board of directors is chaired by Bill Galston, a former policy adviser to Bill Clinton. The IAV is as worried that casinos aggravate income inequality as by their negative impact on family stability.

Before the spread of casino gambling, the IAV comments, the typical gambler was *more affluent than average*: it cost money to travel to Las Vegas. That's no longer true. Low-income workers and retirees provide the bulk of the customers for the modern casino industry. And because that industry becomes an important source of government revenue, the decision to allow casino gambling is a decision to shift the cost of government from the richer to the poorer, and, within the poor, to a subset of vulnerable people with addiction problems.

From the IAV study:

"Modern slot machines are highly addictive because they get into people's heads as well as their wallets. They engineer the psychological experience of being in the 'zone' - a trance-like state that numbs feeling and blots out time/space. For some heavy players, the goal is not winning money. It's staying in the zone. To maintain this intensely desirable state, players prolong their time on the machine until they run out of money - a phenomenon that people in the industry call 'playing to extinction.'"

How heavily does gambling weigh upon the poor, the elderly, the less educated, and the psychologically vulnerable? It's difficult to answer exactly, because U.S. governments have shirked the job of studying the effects of gambling. Most research on the public health effects of gambling in the United States is funded by the industry itself, with a careful eye to exonerating itself from blame. To obtain independent results, the Institute for American Values was obliged, ironically, to rely on studies funded by governments in Britain and Canada.

But **here's what we can conclude**, in the words of the Institute:

"[S]tate-sponsored casino gambling ... parallels the separate and unequal life patterns in education, marriage, work, and play that increasingly divide America into haves and have-nots. Those in the upper ranks of the income distribution rarely, if ever, make it a weekly habit to gamble at the local casino. Those in the lower ranks of the income distribution often do. Those in the upper ranks rarely, if ever, contribute a large share of their income to the state's take of casino revenues. Those in the lower ranks do."

**Is this really OK?** Are Americans content to allow the growth of an industry that consciously exploits the predictable weakness of the most vulnerable people? 27 states still say "no." If yours is one such state, fight to keep it that way. If not, it's never too late to find a better way. Read the full Institute for American Values study for yourself and see how much is, quite literally, at stake.

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The opinions expressed in this commentary are solely those of David Frum.

## NHMS – Casino Testimony

Good morning. My name is John Zudell. I am vice president of Operations and Development at New Hampshire Motor Speedway in Loudon and I am here today to testify in support of Senate Bill 113.

This year marks New Hampshire Motor Speedway's 25<sup>th</sup> anniversary of having NASCAR race in our great state. Over that span of time, tens of millions of visitors have come to New Hampshire to enjoy racing, our facility and all the things that make New Hampshire so special.

We are the largest sports venue in all of New England and we're very proud to be the summer tourism crown jewel of New Hampshire. We believe we can build on that partnership with this casino proposal. If Senate Bill 113 passes, New Hampshire Motor Speedway intends to apply and compete for one of the coveted licenses.

Our Corporation purchased NHMS in January of 2008 and at that time there were only 18 full-time employees. Now over half of our staff of 50 employees is dedicated to sales, marketing, ticketing and advertising.

You cannot take fans for granted like in the past. A casino and hotel adds one more huge reason for people to visit and spend their valuable time here. Similar ventures have been successful at Dover International Speedway and Kansas Speedway, where they feature a casino and hotel on the property in Turn 2. We believe we could build on that model and be successful, as well.

It is important to understand that the competition for NASCAR Cup dates is fierce our business. Nationally, tracks and cities compete for these lucrative dates, which are handed out each year on a per year basis - there are no guarantees.

NASCAR awards these dates only to proven performers that can not only attract visitors, but they must also have the facility, the experience and the know-how to accommodate what has evolved into the largest events in America. We believe a casino and hotel project such as this helps NHMS to be competitive nationally and also helps us grow our sport so we can keep both our NASCAR Sprint Cup dates in New Hampshire.

Specifically, we are interested in the "category two" license, which affords us an opportunity to build a casino and hotel on site at the

speedway, to a size and scope that is appropriate for our area of the state. We performed a feasibility study to examine what type of facility would work best in Loudon and we found a smaller casino, with table games and slot machines, would provide the best opportunity for us to offer a new, year-round entertainment option that is appropriate for the capitol region.

New Hampshire Motor Speedway is well-established and well-positioned for a casino/hotel. We are a trusted partner and a proven performer with the State of New Hampshire, the Town of Loudon and with NASCAR. Our facility operates just 7 months a year now and attracts hundreds of thousands of fans, all of which contribute roughly \$400 million dollars into our state's economy. That is a huge economic engine. Imagine what we could do with a year-round entertainment option for our visitors.

Thank you for your time, and I ask you please vote in favor of Senate Bill 113.



# SHORTY'S

★ ★ ★

MEXICAN ROADHOUSE

Good morning, Senators, my name is Jay Delmonte, the CEO of Shorty's restaurants, located throughout New Hampshire. It is my pleasure to appear before you to support Senate Bill 113. I know there are some in the restaurant and lodging industry who are concerned about the impact of a casino on their business. But I have experience in this area and I wanted to share it with you.

I have worked in the shadow of one of New England's most well-known casinos. I opened and managed a restaurant 30 miles from Foxwoods. For all those who predict a New Hampshire casino will steal business from local restaurants, you have it all wrong. Casinos bring visitors and opportunity to boost business.

Looking back at my restaurant experience in Connecticut, I found we could easily coexist. There were more tourists and visitors on the road to and from Foxwoods. The most direct impact was the phone calls from tour bus operators with 60 people on board, hoping we weren't too full for them to stop and get a meal. Otherwise, local families still came to eat and Foxwoods wasn't a topic of conversation at my tables.

I would never support something I thought would do damage to my chain of Shorty's Mexican Restaurants, but I support a casino because this is about simple math. If New Hampshire sees more visitors because of a casino, then I see more chances to attract them to my establishment.

Shorty's has locations in Manchester, Nashua and Bedford. We employ several hundred people, and my business pays many thousands of dollars in taxes to the state of New Hampshire. I say to lawmakers: build a casino and give me a chance to boost my revenues and yours.

Opponents say the closer you are to a casino, the more harmful the effect on local businesses. But if that were true, you would not see casinos in operation in 41 states around the country, with restaurants operating successfully nearby. A casino is no different than any other entertainment venue, like a theater or a fun park. It will offer visitors and tourists a new activity and another reason to come to New Hampshire.

I respectfully ask casino opponents, how do we make up for the money lost when casinos open in Massachusetts and we have no way to compete? The New Hampshire Center for Public Policy Studies estimates a \$50 million dollar impact to the rooms and meals tax directly because of competition from Bay State casinos. That's on just the tax...that means ten times the losses in revenue for restaurants and hotels. To me, that



presents a social cost far greater than the social cost of bringing a casino to New Hampshire.

The current casino bill would raise well over \$100 million in non-tax revenue each year, and studies predict we will get four million visits to New Hampshire annually.

We make money off selling liquor along our highways.

We are a tourism state that offers families and visitors a wide variety of activities.

A casino would just be one more reason to visit.

As an experienced restaurant owner, I know a casino won't harm our state's hospitality industry. Quite the contrary, it will help local businesses and the state's coffers.

Please vote in favor of Senate Bill 113.

**Jay Delmonte, CEO, Shorty's Restaurants Inc., 557-5425**

## **Testimony in Support of SB113**

**Patrick Cheetham**

**NH Police Association**

Thank you Mr. Chairman.

My name is Patrick Cheetham. I am lifelong resident of New Hampshire and hold a Bachelor's Degree in Criminal Justice from Saint Anselm College and a Master's Degree in Business Administration from Southern New Hampshire University. I am a 12-year veteran of the Londonderry Police Department where I serve as patrol sergeant. I also serve on the Executive Board for the NH Police Association, whose membership exceeds 2,000 men and women from NH's most senior chiefs of police to the troopers on our highways to our most junior patrol officers, as well as the corrections officers in our jails and prisons and the civilian staff who support us in our public safety mission. And, I had the distinct honor of serving on the New Hampshire Gaming Regulatory Oversight Authority ("Authority").

I come before you today on behalf of the New Hampshire Police Association in support of Senate Bill 113, which calls for the adoption of expanded gaming in New Hampshire. My comments today will be limited to law enforcement issues and my role as a member of the Gaming Regulatory Oversight Authority.

For several months the Authority did an extensive amount of work. For the first time in recent history, thanks to legislative action, we worked with a highly qualified gaming consultant whose team helped us put together the strictest regulatory oversight language ever. The entire group of people who served on the Authority took our roles very seriously and I am pleased that our recommendations are incorporated into SB113.

We heard testimony from numerous gaming regulatory professionals and specifically asked them for their recommendations regarding the best practices for regulation and enforcement of expanded gaming in New Hampshire.

One of the people who came before us was Gerald Aubin, the Director of the Rhode Island Lottery which oversees video lottery terminals and table gaming in Rhode Island. Director Aubin served with distinction in the Providence, Rhode Island Police Department having retired as Deputy Chief of Police before being appointed to his current position as Director of the Lottery. He gave us very good advice but what resonated the most for me was his testimony that casino gaming has not brought an onslaught of crime to his state. This was important information considering it was coming from a man whose career was in law enforcement.

We also heard from Kenneth McCabe, who served on Pennsylvania's first Gaming Commission and helped develop expanded gaming laws in Pennsylvania. Mr. McCabe served with distinction in the Federal Bureau of Investigation. When asked if crime increased in Pennsylvania after the adoption of expanded gaming, his response was, and I quote "Most of it was not true," and added that most crime increases were simply the result of more people being in a location. He comparing it to a large crowd at a Penn State football game (Union Leader, October 10, 2013 Gary Rayno reporting). That was quite important coming from a former FBI agent who had worked in the area of illegal gambling.

We heard presentations from Mark Vander Linder, Director of Research of problem gaming for the Massachusetts Gaming Commission and Kathy Scanlon, who formerly served on the MA Council on Problem Gaming. Both said that NH's suggested policies on the identification of problem gaming and the proposed funding for treatment of problem gaming counseling services were commendable (Union Leader, October 14, 2013 Gary Rayno).

I also believe that the necessary regulatory structures for background checks of everyone involved in an expanded gaming operation, to include gaming operators, licensees, and gaming employees, sufficiently exists within SB113. As these duties would be fully funded by revenues and/or fees generated from the casino operation, I have complete faith in the integrity and honesty of the Office of the Attorney General and the NH State Police Gaming Enforcement Unit, who would conduct these checks and make recommendations to the proposed Gaming Commission.

The regulatory enforcement structures of SB113 propose that a Gaming Enforcement Unit be created within the Division of the State Police, whose primary mission would be the investigation and enforcement of expanded gaming laws. Nothing in SB 113 usurps the authority of the local law enforcement agency as the primary law enforcement agency in any community in which an expanded gaming facility would exist.

One thing we all know to be true is that Massachusetts has adopted expanded gaming and licenses have been awarded. If we ignore that, we stand to suffer greatly both economically and socially. When Rhode Island saw the threat that Massachusetts expanded gaming facilities posed to their state, they introduced expanded gaming in response. They have profited tremendously from this decision and have not seen a decrease in the quality of life in their communities nor a noticeable increase in crime. As stated by Gerald Aubin, Kenneth McCabe, New Hampshire's consultant WhiteSand Gaming, and others, crime does not drastically or significantly increase because of the adoption of casino gambling. Of all the

interviews I have conducted when I served as a detective in my agency and in all the interviews I have conducted as a forensic polygraph examiner, I have yet to interview a suspect in a burglary, robbery or theft related case who has admitted that the reason he or she stole was because of a gambling problem. There may be some, but my experience has found that the vast majority of these suspects stole because of drug addiction problem.

The NH Police Association and I believe that SB113 presents the best practices approach to the adoption of expanded gaming in NH based on extensive research and invaluable advice and guidance from the Authority's hired consultants, WhiteSand Gaming, who are nationally recognized as industry experts.

Mr. Chairman, I said earlier that it was an honor for me to serve on the Gaming Regulatory Oversight Authority and one of the reason I feel this way is because of the outstanding group of New Hampshire residents who served with me. These are people just like you and me, who love this state and want to do what is right for the people of New Hampshire. Authority members lived up to the responsibility that was placed on us and as a result, I believe this bill is the best gaming bill that has ever come before the legislature. It addresses the very issues that the legislature asked us to address: that we come up with the proper regulatory structure and regulatory oversight.

Let me close by speaking to the New Hampshire Police Association's support for this bill. The NHPA recognizes there are other law enforcement groups that also support this SB113 including the NH Troopers Association. We recognize that the NH Chief's Association does not. While their members may not all agree with their position, we respect them and they respect us. But the experiences of 41 other states that now have casino gambling and the testimony from law enforcement in other states leads the NHPA to believe that the regulatory structure and oversight in SB113 makes this a bill that can and will work well in New Hampshire. Because of that, the New Hampshire Police Association wholeheartedly supports SB113 and we urge you to join us in supporting this bill.

Thank you and I am happy to take any questions you might have.



**"UNION OF PROFESSIONALS"**

**"AFT-NH, dedicated professionals serving NH individuals and families through collaboration with others, striving to advance NH communities and improve the workplace with integrity and commitment."**

February 17, 2015

Dear Senate Ways And Means Committee Member,

I am here today in support of SB 113. AFT-NH is affiliated with NH AFL-CIO and we stand in support of our union brothers and sisters for whom this bill will create thousands of badly needed New Hampshire jobs.

We know that expanded gaming will:

- create thousands of construction jobs,
- create even more good jobs to operate the facilities,
- bring in hundreds of millions of dollars in non-tax state revenue,
- boost economic development by hundreds of millions of dollars as well.

we also know that this bill:

- Is a responsible NH solution for expanded gaming, and includes robust regulations crafted by the bipartisan Gaming Regulatory Oversight Authority.
- Protects the New Hampshire charities that depend on charitable gaming.
- Provides that the gaming commission may not delegate its rulemaking authority to any other person.
- Prohibits the use of credit, debit or ATM cards at a slot machine or table game.
- The gaming commission must enforce the prohibition on the use of EBT cards for gambling.

SB113 includes a provision to guarantee revenue, and to make sure every community in New Hampshire sees the benefits. SB113 uses casino revenue to reinstate revenue sharing for cities and towns, to the tune of \$50 million per biennium. Revenue sharing means much needed funding for cities and towns across the state. City and town officials who struggle to adequately fund schools, roads, public safety, and other basic services will be pleased to know this bill will directly help their communities.

For example, in my hometown of Rochester, the Rochester School Department last year cut thousands from their budget, with cuts were made to personnel and programs. With SB 113 revenue sharing the city of Rochester would receive \$530,950 to help stop layoffs.

In the city of Nashua over the past several years the school department has eliminated 83 positions and has only been able to restore a few of these positions. These cuts in services will be very difficult decisions, but there is no doubt they will directly impact students in the Nashua school system. With SB 113 revenue sharing the city of Nashua would receive a little over \$2.4 million. Just imagine the benefit the citizens of Nashua would realize with that revenue.

In fact, every single city and town in our state would receive substantial revenue sharing under SB 113. Just imagine the cuts in services and layoffs your community could avoid if we pass this bill.

In Closing, I ask that you support SB 113 and recommend Ought To Pass.

Thank you in advance for your support and if you have any questions I can be reached at [lhainey@aft-nh.org](mailto:lhainey@aft-nh.org) or at 603-661-7293.

Sincerely,



Laura Hailey  
AFT-NH President



# State of New Hampshire

DEPARTMENT OF SAFETY  
OFFICE OF THE COMMISSIONER

33 HAZEN DR. CONCORD, NH 03305

603/271-2791

JOHN J. BARTHELMES  
COMMISSIONER

## LEGISLATIVE POSITION NH DEPARTMENT OF SAFETY

**SB 113:** Relative to video lottery and table gaming

**Position:** Neutral – to give information only

Dear Honorable Members of the Committee:

This bill represents another proposal to establish casinos in New Hampshire. The Department of Safety has traditionally taken no position on this issue, feeling that it is a policy issue that is the exclusive province of the General Court. We appear only to comment on the places in the bill where the Department of Safety or the Division of State Police is referenced and to be available for questions if needed.

The bill allows for the selection and operation of 2 casinos in New Hampshire, with both slot machines and table gaming. It establishes a Gaming Commission with the Lottery Commission and Charitable Gaming Commission as Divisions, and a Gaming Oversight Regulatory Commission, with the Commissioner of Safety as one of its members. It also establishes a Gaming Enforcement Unit within the Division of State Police, to be organized and staffed at the discretion of the Commissioner of Safety. The proceeds from the operation would be used first to pay the expenses of the Commission and the operation of the Gaming Enforcement Unit. After paying expenses, the remainder of the revenue would go to support gambling addiction programs at the State level, reimbursements to the host communities, and the General Fund of the state.

There are extensive provisions in the bill to prevent conflicts of interest and establish ethical requirements for commission members, casino owners and management, employees, and gaming and non-gaming employees.

State Police would have primary enforcement jurisdiction over the gaming floor, meaning the area within the casino where slot machines and table games are authorized, and restricted areas of the casino, including the cashier's cage, central computer room, count room, surveillance monitoring rooms, vault and armored car bays, information technology department center, and areas where slot machines and table game equipment are stored, repaired, or destroyed. Primary jurisdiction means essentially "the buck stops here". However, local police would have concurrent jurisdiction in those areas, so that if they observed a crime in progress or someone needed police assistance and there was no Trooper available, or if the State Police needed backup, the local police would have full authority to act.

On the other hand, local police in the community where the casino was located would have primary jurisdiction over the majority of the gaming location, such as the collective land,



buildings, access roads and all non-gaming structures such as hotels, restaurants, bars, gift shops, convention centers, parking areas, and other non-gaming amenities and activities. The State Police would have concurrent jurisdiction, meaning if they happened to be in one of those areas and observed a crime in progress or someone need police assistance and there was no local officer available, or if the local police needed backup, the State Police would have full authority to act.

This is similar to the legal situation on the interstate highways, where State Police have primary jurisdiction and local police have concurrent jurisdiction. The State Police and local police have a long tradition of cooperation and backing one another up, and we would not expect this to change at casino locations.

The bill makes it clear that no State Police employee could place a wager in a gaming location, unless in the performance of official duties, such as an undercover assignment.

The bill requires the Gaming Commission and its Divisions to cooperate with the State Police and the Attorney General in such functions as reporting and investigating crimes and violations of casino rules, fingerprinting, performing criminal records checks on, and doing background investigations on gaming and non-gaming employees, casino management and officials, and assisting in administrative violation hearings and in prosecuting crimes and offenses. The bill authorizes mutual cooperation and coordination among and between the casino management, the various commissions, the Attorney General, the State Police, the local police and the County Attorney. The bill establishes a number of class A and class B felony and misdemeanor crimes particularly associated with gaming locations, and permits the casinos to put certain persons on an exclusion list of persons not allowed in the casino. This generally includes persons such as card counters and other professional criminals and known card cheats, etc. Persons under the age of 21 would not be allowed to gamble.

The State Police would be empowered to receive and investigate referrals by the gaming commission, a host community or other person relative to alleged criminal activity and criminal violations involving the gaming floor and restricted areas, participate in disciplinary hearings of the Commission, and recommend persons to be placed on the list of names barred from the gaming location. The Commission would be required to cooperate in investigations by State Police, the County Attorney, the Attorney General, or local police, and to share confidential information if required.

The State Police Gaming Enforcement Unit would be authorized to be present on the gaming floor and restricted areas whenever and wherever it deemed it necessary in order to fulfill its statutory duties. The law will allow the casinos to be open 24 hours a day, 365 days a year. The Unit personnel would also be empowered to examine books and records of the casino on orders of the Commission, the court, or the Attorney General.

The bill requires the State Police to notify the Commission in the event a gaming location official or employee is arrested for a crime or offense anywhere in the state after their background investigation was conducted and the person was hired.

The casino management would have to file an emergency response plan for evacuation of the casino or other emergency responses with the local police and fire departments and the State Police Gaming Enforcement Unit.

Each casino will no doubt also have its own corporate security force with unarmed, uniformed security personnel on duty whenever the casino is open. They will handle minor problems and infractions but traditionally do not have police powers, at least in other states where there is casino gambling.

The Gaming Commission would make distributions to the Department of Safety to cover expenses of the Gaming Enforcement Unit in accordance with a budget approved by the General Court. The Governor and Council upon request of the Department of Safety could authorize the transfer of General Funds as necessary to implement and enforce the bill, which would take effect upon its passage.

It is not possible to give an accurate estimate at this early phase, as to the cost to staff and maintain the Gaming Enforcement Unit. We do not know whether only one casino will materialize, or if both locations would be bid off and become operational. We do not know what the final size of either of the venues will be. We do not know if the locations will actually be open 365 days a year or 24 hours a day, until they have made those decisions. We do not know the physical layout of the gaming floors and restricted areas because the buildings will not be designed until licenses are issued. We assume that each casino State Police Gaming Unit would be under the command of a Lieutenant, with at least one Sergeant in charge of each shift, and uniformed and perhaps plainclothes Troopers on duty on each shift. There would be a need for at least one clerical employee. The first year costs would be higher because they would include uniforming and equipping the Troopers. The Director of State Police would have to develop a proposed budget and submit it to the Commissioner of Safety for his or her consideration and provide suitable justification for every requested appropriation. Certainly the Department of Administrative Services budget office, probably the Legislative Fiscal Committee, the Gaming Commission and the Gaming Regulatory Oversight Commission would be examining these requests and weighing in. In future biennia, we would expect that the Unit would be part of the State Budget and go through the same budgeting process as every other State agency.

Thank you for the opportunity to provide this information.

## Testimony in favor of SB113

*Joe Casey, President, NH Building and Construction Trades Council*

*Senate Ways and Means Committee*

*February 17, 2015*

Thank you for the opportunity to testify today. My name is Joe Casey. I am President of the New Hampshire Building and Construction Trades Council, and Business Manager of IBEW Local 490. The New Hampshire Building Trades represents nearly two-dozen local unions in the construction industry, and more than 2,000 New Hampshire workers. Our top priority is growing the New Hampshire economy and creating good jobs for New Hampshire's working people.

The New Hampshire Building Trades, our affiliate unions, and our members support SB113 because we believe expanded gaming is a good deal for New Hampshire. Most importantly for our members, SB113 would create more than a half-billion dollars in construction projects that would directly employ at least 2,000 New Hampshire construction workers. The total number of jobs created by this project, including the construction and operation phases as well as induced economic impacts, would be at least 4,000. These will be good paying jobs with good benefits, and they will begin to allow New Hampshire's working families to get ahead again after the greatest economic downturn since the Great Depression.

The New Hampshire construction industry lost more than 9,000 jobs during the Great Recession. That's a 30% collapse in construction employment. What's worse, the so-called "economic recovery" has almost completely bypassed our construction sector in New Hampshire. As a matter of fact, there are still nearly 7,000 fewer construction jobs in New Hampshire than there were in 2006.<sup>1</sup> At IBEW Local 490, we're currently experiencing 30% unemployment, which is not an unusually high number among Building Trades affiliates.

New Hampshire's working men and women, especially those of us who work construction, are tired of standing on the sidelines. We want to help our state grow and prosper, and we're ready for the opportunity to get to work building a brighter future for New Hampshire.

SB113 would create one of the largest construction projects in our state in a generation, funded entirely by private investment. This bill also includes robust workforce development provisions that will help guarantee that New Hampshire workers will do the work both in the construction and operational phases. I'm confident that passing SB113 will boost our economy and allow our working men and women to stand proud again.

SB113 is the only bill you'll vote on this year that has the potential to create a significant number of jobs for New Hampshire workers. Please -- stand up for the men and women of New Hampshire's construction industry. We're standing ready to go to work. Passing SB113 will give us that chance.

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<sup>1</sup>Source: US Bureau of Labor Statistics; [http://data.bls.gov/timeseries/SMS33000002000000001?data\\_tool=XGtable](http://data.bls.gov/timeseries/SMS33000002000000001?data_tool=XGtable)

## **Labor Leaders Support SB 113**

February 17, 2015

Dear Senator,

New Hampshire's organized labor community supports expanded gaming in the form of SB 113.

We write today to ask you to support working men and women by voting to create jobs and sustainable revenue. Please vote to pass SB 113.

Please understand how important expanded gaming will be for New Hampshire workers. Every major labor union in the state supports SB 113 because we firmly believe that expanded gaming will mean thousands of New Hampshire workers will gain good new jobs. We also know there is not a single other major project on the horizon that would create a significant number of good new jobs in our state. Not one.

Since 2006, the New Hampshire construction industry has lost more than 7,500 jobs. That's a 25% collapse in construction employment. What's worse, the so-called "economic recovery" has completely bypassed our construction sector in New Hampshire. As a matter of fact, construction jobs have grown just 4% since their lowest point during the Great Recession, according to the US Department of Labor Statistics.

According to independent research conducted by Dr. Clyde Barrow of UMass-Dartmouth, an expanded gaming plan like SB 113 would create more than 2,000 jobs for New Hampshire construction workers. We have worked hard to make sure this legislation includes language that helps ensure that these will be good jobs with health care, apprenticeship training programs, and retirement benefits. Expanded gaming would create another 2,000-plus full-time equivalent jobs to operate New Hampshire's gaming facilities, with an estimated annual wage that is \$8,000 above the New Hampshire average. What's more, Dr. Barrow's data shows that 15%-30% of any new casino's workforce will come off of unemployment or public assistance.

Expanded gaming would also begin to help our state overcome our current revenue crisis by bringing in well over \$100 million a year in state revenue. Plus, SB 113 includes \$25 million in annual revenue sharing for cities and towns, helping give municipal budget-writers the flexibility to fund important local services without raising taxes. Please ask your local officials what they could do with their share of the revenue allocation. Think of the teachers, fire fighters, police officers, and plow drivers who will be able to stay on the job and support their families.

New Hampshire's organized workers are tired of standing on the sidelines. We all want to help our state grow and prosper, and we're ready for the opportunity to get to work building a brighter future for New Hampshire.

New Hampshire's working men and women need you to listen, and to understand that expanded gaming is a top priority for us in this legislative session. Please stand with us and vote to pass SB 113.

Sincerely,

Joe Casey, NH Building and Construction Trades Council and IBEW Local 490

Glenn Brackett, IBEW Local 2320

Roger Brunelle, IUPAT District Council 35

Steve Burk, Ironworkers Local 7

Joyce Cardoza, IATSE Local 195

Scott McGilvray, NEA-NH

Rich Gulla, State Employees Association

Laura Hainey, AFT-NH

Tom Hersey, Laborers Local 976

Dave Lang, Professional Fire Fighters of New Hampshire

Dave Laughton, Teamsters

Dave Pelletier, Plumbers and Steamfitters Local 131

Mike Sara, Bricklayers Local 3

Mike Sheehan, Sheet Metal Workers Local 17

## **Senate Bill 113 – Testimony –Senate Ways & Means - 2/17/15**

Good Morning Mr. Chairman, Senators

My Name is Bill McLaughlin, I am here today proudly representing a 140 year old non-profit NH institution and it's Board of Directors. That grand tradition is the Rochester Fair Association.

We come before you today in support of Senate Bill 113. If passed by the NH General Court, we wish to position Rochester for the secondary license as defined in this bill.

Mr. Chairman, in order not to take up valuable committee testimony time, we have enumerated our position in our Position Overview. This document details our reasons and purpose for our campaign of "Why not Rochester" – This combined with our demographic study and Market Analysis clearly points out what an economic boost this will be for the Tri- City Area while keeping tax dollars and job benefits in the Granite State.

We have seen the success of our neighbors in Maine have experienced with their casinos in Bangor and Oxford. Furthermore, if you ask the residents and public safety officials from those communities, they will relate to you the great benefits derived with minimal problems at their facilities.

Mr. Chairman, I would be happy to share the Position Overview and Market Analysis with this Committee, as well as answer any questions you may have.

Thank you for your time and consideration.

William McLaughlin

# **Market Overview**

**Rochester Fair Association**

**Rochester, NH**

**April 2014**

Completed by:  
Strategic Market Advisors  
7 Crest Drive  
Suite A  
Somersworth, NH 03878

## Overview

Strategic Market Advisors ("SMA") was retained to provide a review of the opportunity to develop casino gaming at the Rochester Fair Association under New Hampshire Senate Bill 366. The bill permits slot machines and table games to be offered similar to casino gaming options available in several other states in New England and other parts of the United States. Polls have shown that approximately two-thirds of New Hampshire residents support expanded gaming in the State. Nationwide, 85% of Americans consider casino gaming is an acceptable form of entertainment for themselves or others, while less than half of them actually play. Casino gaming, once opened in neighboring Massachusetts, will be offered in 40 states across the country.

New Hampshire was the first state to institute a lottery (1963), although racing has had a rich and storied history in the Granite State. Harness racing at the Rochester Fair dates back to the late 1800's and pari-mutuel wagering was instituted at the Fairgrounds in 1934. However, wagering on races has declined across the country in the past two decades, in part due to the evolution of alternatives such as casino gaming. While recently casino proceeds have revitalized racing facilities, increased purses, and induced private investing in many states, New Hampshire has moved in the opposite direction. Decades of declining handle<sup>1</sup> combined with increased costs and the recent recession to overcome live racing in New Hampshire. The Rochester Fair ceased live racing in 2008 and Rockingham Park followed suite in 2011. While there was once five live racing venues in New Hampshire today there are none, although two facilities accept wagers on simulcast races. Meanwhile, Massachusetts, Maine, New York, Pennsylvania, and Ohio have all used racing proceeds to assist this historic and important industry. In New York, harness racing purses have grown from \$38 million in 2001 to \$118 million 2012<sup>2</sup>. In that same time frame the Rochester Fair Association and two other New Hampshire racetracks have ceased all racing activity and racing handle has dropped 60 percent at the facilities that still offer simulcast wagers. The economic impact of simulcast wagering, compared to live racing, is marginal.

Gaming in the Northeast is becoming increasingly competitive, leading to smaller catchment areas and lower revenue levels. In New England this is best exemplified by the two Native American properties in Connecticut, Foxwoods and Mohegan Sun. In the absence of competition these facilities attracted day trips from players as far as a three-hour drive, and subsequently expanded to become the two largest casinos in the country. Expansions in New York now limit those properties' ability to attract customers from that source market, and expansion in Massachusetts is expected to do the same. In many instances, catchment areas of a half hour to an hour's drive from a location are responsible for the majority of patronage.

SMA estimated that casino gaming revenue originating from New Hampshire residents will grow from approximately \$70 million to \$211 million due to expansion in Massachusetts. In addition, the New Hampshire Center for Policy Analysis estimates that \$24 million in lottery revenue will be lost.

## The New Hampshire Market Opportunity

Development in New Hampshire would likely include one property located in the southern part of the state, where proximity to Boston enables a densely populated and relatively wealthy catchment area.

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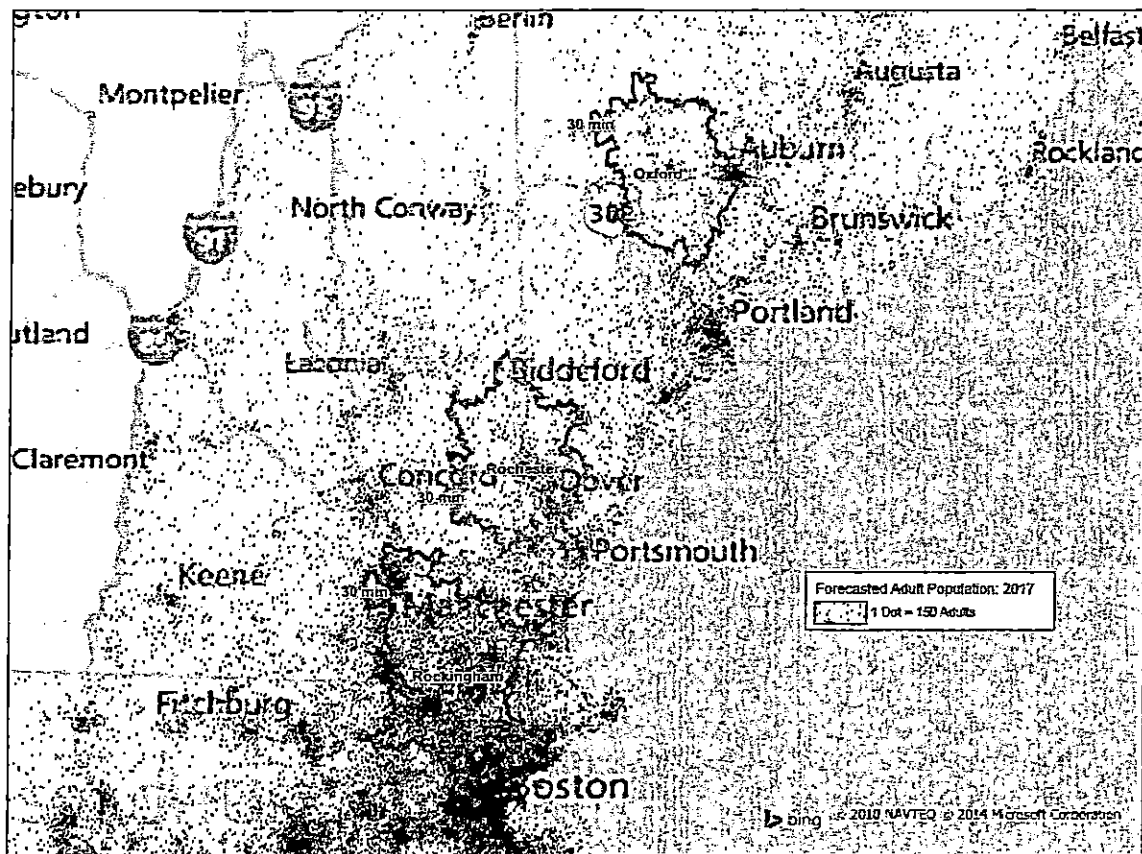
<sup>1</sup> Handle is the total amount wagered on races

<sup>2</sup> New York State Gaming Commission



The second property would likely be located outside of this region, enabling the exclusivity that is reflected in other jurisdictions with similar tax rates.<sup>3</sup>

The following map shows the area within a half hour of the existing Oxford New Hampshire and proposed Rockingham and Rochester Fair Association locations. The forecasted adult population, indicated by dots on the map, shows that aside from the catchment area for the proposed Rockingham Park location, that the proposed Rochester Fair Association location represents one of the largest catchment areas for the in-state population as well as being proximate to populated parts of southern Maine.



The market area for Rockingham Park clearly appears to be greater than the Oxford and Rochester locations, as the following table confirms. Oxford, however, does provide a reasonable comparison to Rochester. The adult population residing within a half hour drive of the proposed Rochester location is forecasted to be over 125,000 in 2018, 76% larger than the Oxford catchment area. Average annual household incomes are projected to be 30% higher in the Rochester area as well. Outside of their primary catchment areas, Oxford benefits from Portland, Maine's proximity and less competition. Rochester, on the other hand, does not enjoy the same level of exclusivity to the south. In addition, competition from Rockingham Park will likely be formidable due to the relative size of its market opportunity.

<sup>3</sup> States usually provide a certain level of market exclusivity in exchange for relatively high tax rates

	Rochester	Oxford	Rockingham
2013 Population	167,034	94,503	1,197,708
2018 Population	166,929	97,248	1,231,319
Growth Rate	-0.01%	0.57%	0.56%
2013 Population 21+	122,482	69,417	876,928
2018 Population 21+	125,007	71,915	917,662
Growth Rate	0.41%	0.71%	0.91%
2013 AAHI	\$71,928	\$56,850	\$89,084
2018 AAHI	\$81,297	\$62,333	\$102,981
Growth Rate	2.48%	1.86%	2.94%

The current draft bill stipulates that two locations in the State would be permitted to offer slot machines (35% tax on slot revenue) and table games (18% tax on table revenue). Gaming taxes are typically levied on revenue and have a large impact on the ability of a facility to compete within the market place. The proposed tax rates put the facilities at an advantage compared to Maine (46% for slots, 16% for tables) for slot win and an advantage on table win compared to Massachusetts (25% for slots and tables). Overall the proposed taxes are comparable to these neighboring jurisdictions and should strike a balance between enabling the industry to compete within the region while generating significant revenue for the State. With the exception of liquor, which is controlled by the State, no other industry pays such a substantial tax.

SMA conducted a precursory review of the proposed Rochester Fair Association's property to generate casino gaming revenue. The review was based on our knowledge of other existing and proposed casinos in the region, the AAHI in the primary catchment area, and the regional economy and transportation network. Highway 16, which facilitates that access, is being upgraded to handle more than its current average of 31,500 vehicles per day. In fact, all three competing locations enjoy great access along a north-south corridor compared to east to west. This provides some level of exclusivity for each property and will enable Rochester to effectively compete for customers residing along the seacoast of New Hampshire and southern Maine.

Competition to the northeast will originate from Oxford, a facility that cost an estimated \$65 million to develop. That property offers a high quality experience with slot and table games on a modern casino floor with a restaurant and bar, similar to the facility envisioned for Rochester. However, Rochester will have a tax advantage that will improve marketing budgets and gross gaming revenue. To the south, competition is assumed to come primarily from Rockingham Park. That facility has a much more densely populated primary market area and a significant market opportunity in the Boston area. As such, the facility will offer a wider variety of games and amenities, making it a more attractive alternative to players and indicating that it will attract greater market share.

The following table shows SMA's preliminary estimates of gross gaming revenue, employment, and gaming taxes for the proposed Rochester location. This preliminary evaluation indicates estimated gross gaming revenue of \$79.0 million for the first full year of operations. This estimate is higher than other publicly available estimates from other comparable proposed operations in New Hampshire. Additional

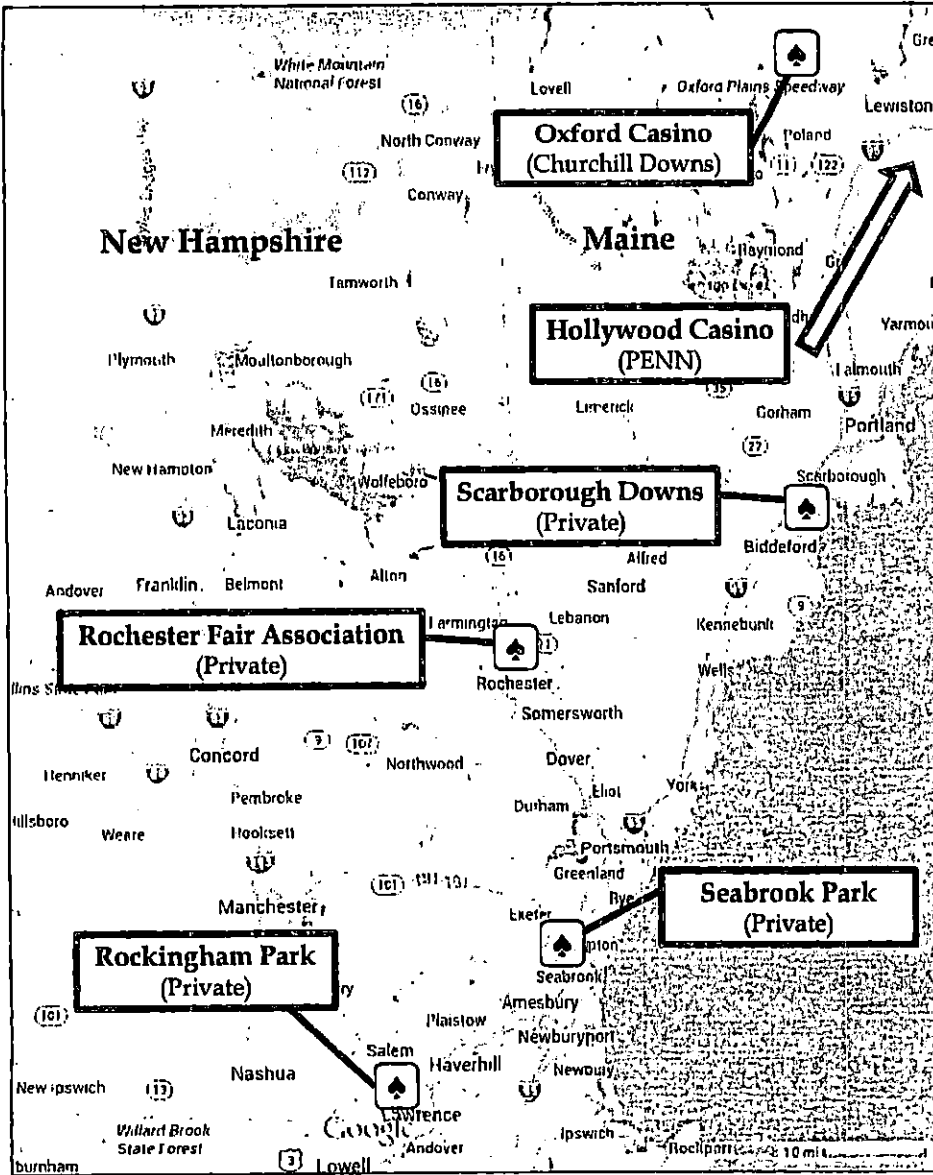
revenue specifically from a food and beverage outlet should also be expected. Total employment on site from the gaming and dining operations is expected to reach more than 600 employees. Gaming operations tend to contract services from firms in their vicinity, particularly for cash handling services such as armored cars, accounting audits, marketing and advertising, and maintenance and capital expenditures. The overall impact is that the proposed Rochester facility could support 1,000 jobs, compared to unemployment in Strafford County of 3,390 as of February 2014.<sup>4</sup> Finally, the project will generate an estimated \$26.4 million in gaming taxes, not to mentioned taxes on food and beverage revenue, property, corporate profits, and other miscellaneous taxes and licensing fees.

Preliminary Estimated Performance			
	Low	Average	High
Gross Gaming Revenue (\$M)	\$68.0	\$79.0	\$90.0
Gross Slot Revenue (\$M)	\$61.9	\$71.9	\$81.9
Gross Table Revenue (\$M)	\$6.1	\$7.1	\$8.1
Direct Employment	563	617	671
Gaming Tax Revenue (\$M)	\$22.8	\$26.4	\$30.1
which includes allocations to:			
Host Community	\$682,788	\$793,239	\$903,690
Abutting Communities	\$227,596	\$264,413	\$301,230
Host County	\$227,596	\$264,413	\$301,230

Permitting the Rochester Fair Association to expand its gaming products would create jobs, reinvigorate its racing business, and drive tens of millions of dollars in revenue to the state. Jobs would include hospitality positions including customer service representatives, supervisors, and managers in the core gaming operations as well as jobs in human resources, marketing, accounting, and security. Substantial taxes will benefit the State while allocations to local communities should more than defray additional costs. Finally, increased racing purses drives increased racing and substantial associated economic activity. Supporting the remaining racing industry before it is too late will drive a higher quality experience for spectators, a healthier equine and livestock industry, and drive additional tourism and tax revenue.

<sup>4</sup> New Hampshire Employment Security, Economic and Labor Market Information Bureau

# Rochester Fair Association Competitor Map



## Driving Distance from Rochester Fair Association:

- Seabrook Park (New Hampshire): 35 miles
- Scarborough Downs (Maine - no gaming): 44 miles
- Rockingham Park (New Hampshire): 56 miles
- Oxford Casino (Maine): 82 miles
- Hollywood Casino Hotel & Raceway (Maine): 178 miles

Market Rings	Total Population			Adult (21+) Population			Average Household Income		
	2013	2018	CAGR	2013	2018	CAGR	2013	2018	CAGR
<b>Rochester Fair Association</b>									
0-25 miles	399,090	403,535	0.22%	298,055	304,867	0.45%	\$75,440	\$78,626	0.83%
25-50 miles	1,651,777	1,675,723	0.29%	1,216,934	1,251,424	0.56%	\$82,879	\$88,682	1.36%
50-100 miles	5,625,638	5,733,696	0.38%	4,187,420	4,302,994	0.55%	\$87,635	\$93,079	1.21%
<b>Totals / Averages</b>	<b>7,676,505</b>	<b>7,812,954</b>	<b>0.35%</b>	<b>5,702,409</b>	<b>5,859,285</b>	<b>0.54%</b>	<b>\$86,747</b>	<b>\$92,314</b>	<b>1.25%</b>
<b>Seabrook Park</b>									
0-25 miles	932,770	951,885	0.41%	686,088	710,972	0.72%	\$92,270	\$98,784	1.37%
25-50 miles	3,563,238	3,656,794	0.52%	2,665,346	2,752,612	0.65%	\$93,272	\$99,676	1.34%
50-100 miles	4,748,541	4,775,659	0.11%	3,517,736	3,580,963	0.36%	\$75,796	\$79,348	0.92%
<b>Totals / Averages</b>	<b>9,244,549</b>	<b>9,384,338</b>	<b>0.30%</b>	<b>6,869,170</b>	<b>7,044,547</b>	<b>0.51%</b>	<b>\$84,118</b>	<b>\$89,192</b>	<b>1.18%</b>
<b>Scarborough Downs</b>									
0-25 miles	373,252	376,321	0.16%	282,213	287,345	0.36%	\$71,967	\$77,676	1.54%
25-50 miles	548,801	550,153	0.05%	411,099	415,297	0.20%	\$68,288	\$71,011	0.79%
50-100 miles	4,544,707	4,641,064	0.42%	3,395,830	3,497,271	0.59%	\$66,379	\$92,084	1.29%
<b>Totals / Averages</b>	<b>5,466,760</b>	<b>5,567,538</b>	<b>0.37%</b>	<b>4,089,142</b>	<b>4,199,913</b>	<b>0.54%</b>	<b>\$85,704</b>	<b>\$91,398</b>	<b>1.29%</b>
<b>Rockingham Park</b>									
0-25 miles	1,998,964	2,047,091	0.48%	1,471,390	1,526,056	0.73%	\$95,809	\$103,407	1.54%
25-50 miles	3,554,729	3,637,595	0.46%	2,641,601	2,722,156	0.60%	\$91,937	\$97,791	1.24%
50-100 miles	4,525,600	4,535,426	0.04%	3,367,170	3,417,876	0.30%	\$72,577	\$75,994	0.92%
<b>Totals / Averages</b>	<b>10,079,293</b>	<b>10,220,112</b>	<b>0.28%</b>	<b>7,480,161</b>	<b>7,666,088</b>	<b>0.49%</b>	<b>\$83,916</b>	<b>\$89,142</b>	<b>1.22%</b>
<b>Oxford Casino</b>									
0-25 miles	222,219	221,507	-0.06%	164,088	164,595	0.06%	\$62,916	\$66,459	1.10%
25-50 miles	580,513	579,860	-0.02%	442,161	445,617	0.16%	\$64,580	\$68,760	1.26%
50-100 miles	1,489,350	1,496,859	0.10%	1,116,954	1,135,744	0.33%	\$70,742	\$73,908	0.88%
<b>Totals / Averages</b>	<b>2,292,082</b>	<b>2,298,226</b>	<b>0.05%</b>	<b>1,723,203</b>	<b>1,745,956</b>	<b>0.26%</b>	<b>\$69,933</b>	<b>\$73,888</b>	<b>1.11%</b>
<b>Hollywood Casino Hotel &amp; Raceway</b>									
0-25 miles	158,391	158,504	0.01%	118,284	119,406	0.19%	\$58,377	\$63,512	1.70%
25-50 miles	195,825	194,095	-0.18%	148,538	148,412	-0.02%	\$52,027	\$54,053	0.77%
50-100 miles	471,128	465,900	-0.22%	357,751	356,268	-0.08%	\$58,550	\$61,742	1.07%
<b>Totals / Averages</b>	<b>825,344</b>	<b>818,499</b>	<b>-0.17%</b>	<b>624,573</b>	<b>624,086</b>	<b>-0.02%</b>	<b>\$57,167</b>	<b>\$60,470</b>	<b>1.13%</b>
<b>State/National</b>									
New Hampshire	1,319,663	1,322,654	0.05%	982,737	999,035	0.33%	\$79,369	\$83,927	1.12%
United States	314,861,807	325,322,277	0.66%	226,454,062	235,471,232	0.78%	\$69,637	\$71,917	0.65%

Source: iExpress, The Innovation Group

## Rochester Fair Association Racing/Gaming Position Overview



### Rochester Fair Overview

The 2015 Rochester Fair will be the 140<sup>th</sup> annual fair dating back to 1874 when the Fair Association was founded. It was formed by seventy men who paid a dollar each for membership and was successfully opened three weeks later. Harness Racing at the Fair dates back to its origin. This form of racing, which is very closely tied to the agricultural community operated successfully at the Fair until 2008. At that time the Fair Board was forced to discontinue racing to reduce expenses as a result of declining revenue due to the economic recession. This was a very unpopular decision and the Fair Board has been looking for alternatives to bring back the rich tradition of racing while also enhancing the 56 acres of the Fairgrounds. Over the past several years, neighboring states have enacted gaming legislation with some of the benefit going to the harness industry. The revenue sharing has also allowed the Maine Agricultural Fairs to strengthen and restore economic benefit to various regions where the Fairs are located.

## **Questions and Answers Related to the Rochester Fair's Position on Gaming Expansion**

### ***Why is the RFA looking to be involved in NH gaming?***

We believe a region appropriate gaming facility would become a strong economic engine, provide good jobs and boost the local communities. Considering the Rochester Fair is one the regions oldest institutions and for the reasons stated above we believe Rochester is the right market. This has been the experience of our neighbors in Maine with their Oxford and Bangor gaming facilities. In June of 2015 Massachusetts will open their first and only slot license at the Plainridge harness racetrack. In Massachusetts several markets were competing for this license and the deciding factor for selecting the Plainridge was to save racing and the agricultural benefits of this industry.

### ***Why should Rochester be considered for a gaming license?***

Why not Rochester! We have seen the successful integration of racing and gaming in Maine. We believe our demographics and road structure is vastly superior to our neighbors. In many ways we are the gateway to New Hampshire's lakes and ski areas as well as having a major road system into Maine. Why shouldn't our residents and visitors stop here rather than running to other gaming venues in neighboring states? Let's keep the tax and job benefits in the Granite State and Rochester.

### ***What are some of the benefits and what kind of jobs could we expect?***

Beyond hundreds of construction jobs, we estimate a gaming facility has the potential of creating 500 to 600 part and full time jobs. One only has to look at the two commercial casinos in Maine. A recent economic study on the Bangor and Oxford casinos provided the following statistics:

- Annually the two casinos contribute \$227.3 million in economic activity
- Gaming supports 1,458 jobs which pay more than \$57.6 million in wages
- Gaming generates \$82.8 million in federal, state, and local taxes -including \$53.1 million in gaming taxes

Jobs created include hospitality positions such as customer service representatives, supervisors, managers in the core gaming operations as well as jobs in human resources, marketing accounting and security. There are 984 commercial and tribal gaming facilities operating in 39 states supporting 1.7 million jobs throughout the U.S. - larger than the airline industry.

### ***What type of facility is envisioned and where would the casino be located?***

Our market analysis indicates a facility of approximately 35,000 to 40,000 square feet would suit the Rochester market. This would be make it slightly larger than the casino in Oxford, Maine

As far as the location, we would work with Rochester's economic development and planning leaders to find a suitable site for the casino. We have no plans to place it on the Fairgrounds.

### ***Will crime become a problem if gaming comes to Rochester?***

Those who oppose gaming will always use this untruth. A gaming facility will bring solid jobs and economic benefits to Rochester. Look to what has actually occurred across our boarder in Maine. If you

speaking with the residents and law enforcement officials in Bangor and Oxford, there are great benefits with minimal problems at their facilities

***Who is assisting Rochester Fair Association with this initiative?***

Our consultants have met with various gaming interests and have recently introduced us to a gaming company whose CEO has New Hampshire roots with family in Carroll County. They are willing to invest in the community if Rochester wishes to be considered in the casino debate in Concord.

***Why isn't New Hampshire joining our neighboring states in taking advantage of this volunteer tax and tourism tool?***

Various polls over several years have shown the people of New Hampshire clearly favor expanded gambling. The New Hampshire House of Representatives has consistently voted against it, however the margin was narrowed to a single vote in 2014. Fifty years ago the NH House and Senate brought in the first in the nation State Lottery. So Why not in 2015 expand gaming in New Hampshire and Why not in Rochester!

# **Rockingham Park Market Feasibility & Economic Impact Analysis**

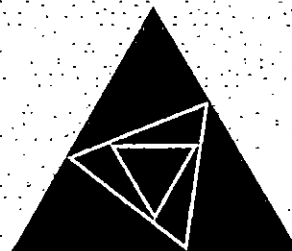
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Millennium Gaming, Inc.



**Submitted by:**  
Pyramid Associates, LLC

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**February 2015**



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# EXECUTIVE SUMMARY

## Assignment

Pyramid Associates, LLC ("Pyramid") was commissioned by Millennium Gaming, Inc. ("Millennium") to provide an updated market feasibility and economic impact analysis of the proposed Rockingham Park casino in Salem, New Hampshire. The commissioned work includes:

- an estimate of the potential gaming market for the proposed facility based on a custom designed gravity model that incorporates adult population (age 21+), disposable personal income, and the estimated propensity to gamble within primary (60 minute drive), secondary (31-60 minute drive), and tertiary market areas (61-90 minute drive), including a tourism and out-of-market factor.
- an estimate of annual gross gaming revenues (by slot machines and tables, and other) for the first five fiscal years of the facility's operation,
- an estimate of non-gaming revenues (itemized by hotel, food and beverage, retail and entertainment, and other), and gross revenues (gaming + non-gaming revenues) for the first five years of the facility's operation,
- annual visitor and visitation counts, specifying the proportion of visits and revenue generated from the primary, secondary, tertiary, and out-of-market areas, including the amount of revenue generated by visitors from states other than New Hampshire, and revenue recaptured by residents gambling outside of New Hampshire, for the first five years of the facility's operation,
- estimates based on project and facility specifications provided by the Client, and
- a description of all assumptions that are material to the Consultant's projections and forecasts that substantiate the bases and reasonableness of all such assumptions.

## Results and Findings

Millennium Gaming, Inc. is proposing a \$600 million capital investment to construct a resort casino at Rockingham Park in Salem, New Hampshire that is well-designed and attractive to potential customers. For purposes of the analysis, it is assumed that proposed casino will open January 1, 2018, with a gaming facility that includes 2,500 slot machines, 75 table games, and 25 poker tables, along with a 300-room hotel with spa, a 1,000 to 1,500 seat entertainment venue, conference facilities, food and beverage service, and retail outlets.



## Methodologies

Gravity modeling is the most reliable and commonly used method for estimating the demand and competitive impact of casinos in a specific market area. A gravity model was constructed using a Master Database that consists of 1,619 communities in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. The gravity model includes data by town and city on total population, the adult population (age 21+), per capita income, total income, disposable personal income (DPI), and drive times to the six existing gaming facilities in New England and to three gaming facilities authorized in Everett, Plainville, and Springfield, Massachusetts.<sup>1</sup> Drive times are based on geo-codes for the actual address of each gaming facility. The initial Master Database contains 98,759 discrete data points.

The results of the gravity model serve as inputs to the Consultant's economic impact models. The direct, indirect, and induced employment impacts of the proposed Rockingham Park casino are specified using IMPLAN (IMpact Analysis for PLANing), which is an econometric modeling system developed by applied economists at the University of Minnesota and the U.S. Forest Service. The IMPLAN modeling system has been in use since 1979 and is currently used by over 500 private consulting firms, university research centers, and government agencies. The Consultant has been a licensed IMPLAN user since 1999 and regularly employs its econometric modeling system in conducting economic and fiscal impact analyses.

## Findings

The proposed Rockingham Park casino will achieve its first full fiscal year of stabilized revenue in Year 2 (FY 2019) of operations:

- The proposed casino will generate \$376.5 million in gross gaming revenue and an additional \$32.6 million in non-gaming revenue for annual gross revenue of \$409.0 million.
- The proposed casino will have a stabilized customer base of 0.70 million visitors, who will make 5.1 million annual visits for an average of 7 visits per year per visitor.
- The proposed casino will generate approximately 59% of its gross gaming revenue from within its primary market area (0-30 minutes), while 41% of its gross gaming revenue will be generated by visitors who travel more than one-half hour to reach the casino. Approximately 13% of gross gaming revenue will be generated by visitors who travel more than 60 minutes to reach the casino.
- It is estimated that at least 68.4% of a Rockingham Park casino's gross gaming revenue – \$257.5 million – will be "new money" infused into the New Hampshire economy as a result of capturing and recapturing gaming expenditures from other states, particularly Connecticut, Massachusetts, and Maine.

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<sup>1</sup> Penn National will own and operate a slot parlor in Plainville, Massachusetts, which is scheduled to open no later than May 2015. MGM Springfield is scheduled to open in March 2017, while Wynn Everett may open by spring 2018.



- Assuming a normal distribution of gaming revenue between slot machines and table games, the Rockingham Park casino will pay \$47.8 million in gaming taxes in its first year of operations (FY 2018) and \$116.7 million in gaming taxes by its second year of operations (FY 2019).

The IMPLAN model predicts that:

- Casino operations with \$376.5 million in annual gross gaming revenue and \$32.6 in non-gaming revenue will generate 1,670 jobs and \$70.4 million in direct employee compensation and another \$17.6 million in fringe benefit payments.
- These jobs will have an annual average wage of \$42,171, which does not include payments for fringe benefits or tips.

The IMPLAN model also predicts that:

- Casino operations (gaming and non-gaming) will sustain an additional 623 jobs in New Hampshire through indirect impacts (i.e., casino-related local purchases) and 533 jobs through induced impacts (i.e., local purchases by employees) by FY 2019.
- The employment generated by indirect and induced impacts will sustain an additional \$42.1 million in employee compensation in New Hampshire.
- The model predicts that indirect and induced impacts will be widely distributed across 106 of IMPLAN's 440 industry account sub-codes. The most significant indirect and induced impacts will occur in sectors that provide casino-related inputs or services or that provide retail, health care, and financial services to casino employees.



## 1.0 Methodology

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A gravity model based on a Master Database consisting of 1,619 communities in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont was constructed to analyze the gaming market area for the proposed Rockingham Park casino. The Master Database includes data by town and city on total population, the adult population (age 21+), per capita income, total income, disposable personal income (DPI), and drive times to the six existing gaming facilities in New England and to three gaming facilities authorized in Everett, Plainville, and Springfield, Massachusetts.<sup>2</sup> Drive times are based on geo-codes for the actual address of each gaming facility. The initial Master Database contains 98,759 discrete data points.

### 1.1 Definitions

There are many specialized terms and concepts that are unique to the gaming industry. These terms include:

- **Handle** – the total amount of money and tokens *bet* during the course of a day, month, or year. It does *not* measure the amount of money won or lost by a patron, but measures the velocity of money. For example, if a casino patron starts the evening with an initial stake of \$100, loses \$75 of it, then wins back \$150, and continues to successively win and lose money over the course of an evening, then the amount actually wagered by the patron could be \$500, \$1,000, \$2,000, or more over several hours. However, if at the end of the evening the patron leaves with \$20 of their original \$100 gambling stake, then over the course of the evening, the patron lost \$80. The \$80 would be recorded by the casino as the “win” (see below) from that patron, while the total amount *wagered* during the evening would be the handle.
- **Drop** – the total amount of cash and other negotiable instruments that are taken by the dealer at a table game and placed into the drop box in exchange for chips or the actual amount of cash inserted into a slot machine. Drop is different from handle as it is the initial stake put at risk by a player and not the total amount wagered by a patron (and a patron may “cash out” and not wager the total drop).
- **Payout** – the amount of money returned to casino gamblers from the handle or wager. Resort casinos in non-traditional jurisdictions usually return from 90% to 93% of the total amount wagered (handle) on slot machines each month to casino gamblers.<sup>3</sup> The average payout on table games varies by the type of game, but it is generally 82% to 85% on most games, although the payout on particular games can fluctuate from month to month depending on the skill and luck of players.

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<sup>2</sup> Penn National will own and operate a slot parlor in Plainville, Massachusetts, which is scheduled to open no later than May 2015. MGM Springfield is scheduled to open in March 2017, while Wynn Everett may open by spring 2018.

<sup>3</sup> Non-traditional casino gaming jurisdictions include all states other than Nevada and New Jersey.



- **Win or Hold** – the amount of money retained by a casino from the handle wagered by patrons. Resort casinos in non-traditional jurisdictions usually retain 7% to 10% of the total amount wagered (handle) on slot machines each month by casino gamblers. Resort casinos in non-traditional jurisdictions usually win 15% to 18% of the total amount dropped or paid in commissions at table games each month by casino gamblers, although this number can vary.
- **Gross Gaming Revenue (GGR)** – the total amount of gaming revenue (win) retained by the casino during a day, month, or year, including the value of promotional allowances. GGR is the figure most commonly used to determine what a casino, racetrack, lottery, or other gaming operation earns *before* taxes, salaries, and other expenses are paid. GGR is the equivalent of “sales” in other retail and service industries and should not be confused with “profit.” GGR is the revenue base for levying gaming taxes, although different jurisdictions may have different treatments of promotional allowances (see below).
- **Non-Gaming Revenue (NGR)** – the total amount of sales by non-gaming operations, such as a hotel, retail outlets, food and beverage outlets, convention and meeting space, golf course, and spa, including the value of promotional allowances.
- **Gross Revenue** – the total revenue retained by a casino from both its gaming (GGR) and non-gaming operations (NGR).
- **Operating Revenue** – the total revenue retained by a casino from both its gaming (GGR) and non-gaming operations (NGR) after subtracting promotional allowances.
- **Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)** – operating revenue minus operating expenses. EBITDA does not include deductions for interest expense, principal payments, depreciation, or management and development fees.
- **Propensity to Gamble** – the percentage of the adult population that gambles at least once per year and the average number of visits per year to casinos by those who gamble.
- **Promotional Allowances** – complimentary food and beverage, hotel, retail, entertainment, and other services provided to casino patrons. The retail value of these complimentary items is included in gross revenues and then deducted as promotional allowances to arrive at net or operating revenue.

## 1.2 Gravity Model

Gravity modeling is the most reliable and commonly used method for estimating the demand and competitive impact of casinos in a specific market area. Gravity modeling is based on a modified version of Sir Isaac Newton’s Law of Gravitation, which has been in use since 1931 when Professor



William J. Reilly of the University of Texas introduced his Law of Retail Gravitation to predict the movement of people, commodities, and sales (money) between competing commercial centers (see Appendix C for additional background). Newton's Law of Gravitation states that the gravitational force between two objects is proportional to the product of their masses and inversely proportional to the square of the distance between the two objects. William J. Reilly's restatement of this principle as the Law of Retail Gravitation states that larger retail facilities (i.e., those with greater mass) will have larger spheres of attraction – or a greater gravitational force – than smaller facilities of a comparable type. The Law of Retail Gravitation states that the "Break Point" (BP) at which a consumer will choose one comparable facility over another is equal to the Distance (*d*) between the two facilities, divided by 1 (a constant) plus the Square Root of the size of Place One (*p1*) divided by the size of Place Two (*p2*) (see Equation 1):

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**Equation 1**

$$BP = \frac{d}{1 + \sqrt{p1/p2}}$$


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Reilly's Law assumes that the geography of an area is flat without any rivers, roads, or mountains that would alter a consumer's decision about where to purchase a particular good or service. However, since Reilly first introduced the Law of Retail Gravitation, it has been recognized that geography, road quality, and accessibility (i.e., convenience) do affect a consumer's decision about what facilities to patronize, especially when they are comparable in scale, quality, and product offerings. Consequently, many gravity models, including the one utilized in this report, use functional distance by substituting estimated drive times for mileage. This is an important modification, because casino patrons in local and regional markets are highly sensitive to drive time, as well as position availability<sup>4</sup> and the range of gaming and non-gaming amenities offered by a casino.<sup>5</sup>

In addition, since 1931, the basic gravity model has been modified by researchers in many ways with specific adaptations to account for the levels of retail gravitation attributable to different types of facilities (e.g., regional malls, theme parks, casinos) and to incorporate empirical behavioral research that specifies this relationship with greater precision for different types of facilities and for different geographic jurisdictions (e.g., behavioral surveys of the propensity to gamble). With these modifications to the basic gravity model, a casino's ability to attract patrons and spending can be

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<sup>4</sup> Position availability refers to a patron's ability to find a place at their preferred game. Thus, if a slot machine player repeatedly finds that a local casino's gaming devices are occupied, and that there is a long wait time to find a position at their preferred device, they will often be willing to travel a longer distance to a larger facility to insure that a position is available, given the "time to position" (i.e., drive plus wait) is essentially the same or shorter, despite the longer initial drive time.

<sup>5</sup> Many casino patrons are attracted to the general atmosphere and physical attractiveness of the facilities or they are attracted by the presence of non-gaming amenities, e.g., nightclubs, concerts, cabarets, gourmet dining, spas, golf, etc. National survey research (American Gaming Association, 2013) documents that 26% of a resort casino's customers never or rarely gamble when visiting a casino, but visit the facility for its other forms of entertainment and recreation.





reliably estimated by incorporating data on the number of people living at different distances from the casino, their propensity to gamble at various distances, and the percentage of disposable personal income that will be allocated for casino spending by different households.

The gravitational force of a casino – all things being equal – is in inverse proportion to its functional distance from population (i.e., potential customers): In other words, if one doubles the distance of an individual's residence from a casino, visitations to the casino decline in inverse proportion to that distance, although this mathematical relationship can be modified in gravity models by incorporating empirically-based behavioral data, or players club customer data, given it has been documented that a casino's gravitational force is "not always according to Reilly" (Cummings 2006). Normally, however, the further the distance from a casino, the less likely residents are to visit it (unless there is no alternative), and those who do visit it will visit it less frequently. It has generally been found that while patrons who live further away from a casino will visit it less often, they are likely to spend more per visit, since they will generally stay longer and spend on a wider range of amenities. As competing casinos get closer to residents, one eventually reaches a Break Point, where the retail gravitation of the competing facility exerts greater force over potential patrons and customer visits and revenues shift toward the competing facility.

The size (mass) of a retail facility is a critical element in any casino's ability to attract customers in a competitive environment. Most gravity models measure a casino's mass exclusively in terms of gaming positions.<sup>6</sup> However, it is known that customer decisions about competing facilities are also influenced by the types of gaming options available (i.e., video poker terminals, slot machines, table games, poker, bingo, keno), parking availability, and the availability of non-gaming amenities, such as a hotel, spa, entertainment venues, retail outlets, food and beverage offerings, a golf course, etc. While non-gaming entertainment and resort amenities are not usually incorporated into most gravity models, the model used for this analysis in this report explicitly and transparently incorporates these amenities into its calculation of gravity factors.

The Master Database was sorted to exclude southern New England communities<sup>7</sup> beyond a 90 minute drive time from Salem, New Hampshire, because potential casino patrons outside this drive time have (or soon will have) more convenient access to comparable gaming facilities. Nevertheless, it can be reasonably assumed that a Rockingham casino will attract some customers who in the area for other business or leisure activities. These potential visitors are classified as out-of-market tourists for purposes of the analysis, rather than as regular patrons of the proposed facility, although they are incorporated into the gravity model. The initial gravity model developed from this database relies on reasonable and conservative assumptions about the propensity to gamble at different functional distances, as well as gaming expenditures as a ratio of DPI at different functional distances.

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<sup>6</sup> One slot machine equals one gaming position, while one table game is normally six positions because it can accommodate multiple players.

<sup>7</sup> Connecticut, Massachusetts, and Rhode Island.

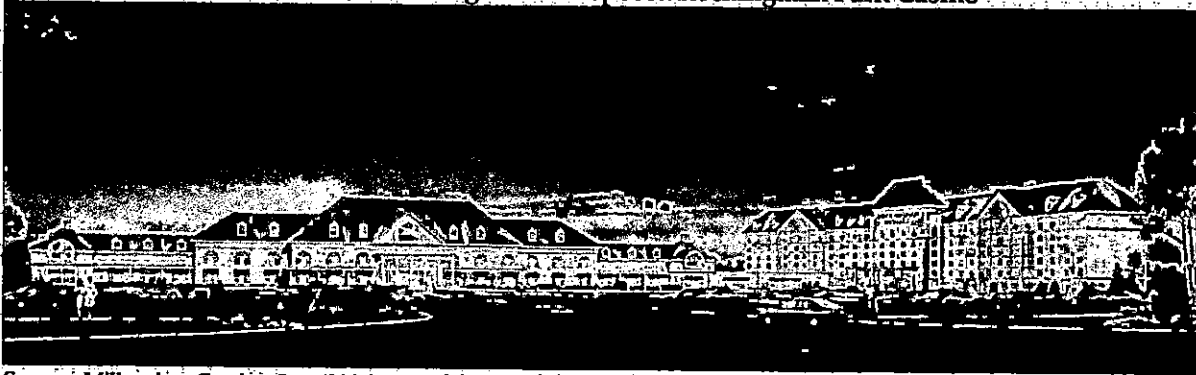


## 2.0 Assumptions

The proposed Rockingham casino's market potential will depend on a variety of factors beyond the market area's demographic characteristics, including but not limited to:<sup>8</sup>

- The quality of the physical property;
- The quantity and types of gaming machines available;
- The quantity and types of table games available;
- Location and accessibility of the property;
- The quality and range of non-gaming amenities offered on site;
- Customer service levels;
- Marketing programs and promotional allowances;
- Proximity to major population bases;
- Levels of disposable personal income in the market area;
- The regional population's propensity to gamble; and
- Existing and future competition in the market area.<sup>9</sup>

Figure 1  
Architectural Rendering of the Proposed Rockingham Park Casino



Source: Millennium Gaming, Inc. (2015).

<sup>8</sup> The proposed size, scope, and phasing of the proposed Rockingham Park casino were provided by Millennium Gaming, LLC.

<sup>9</sup> The gravity model indicates that direct competitors to the proposed Rockingham casino include the planned Wynn Everett Casino, MGM Springfield Casino, and the Penn National slot parlor in Massachusetts, as well as the Oxford Casino in Maine. A Rockingham Park Casino will be competing against other New England casinos to a lesser degree.

In addition to the physical characteristics of the proposed casino, the market impact analysis makes several assumptions about the casino gaming market in New England and about the proposed facility. These assumptions are that:

- All things being equal, proximity to a casino is a major factor in choosing to patronize that gaming venue. Given the choice between comparable facilities, most casino patrons will normally visit the nearest comparable casino.
- Drive times of up to two hours and more (one way) are acceptable to persons who visit resort casinos, although the propensity to gamble at resort casinos increases with proximity and declines with distance and drive time.
- If the option of casino gambling is made available, then a known average percentage of the population will patronize casinos as a form of entertainment. Therefore absent local opportunities, some residents will opt not to gamble, while others will travel further to locations that offer casino gaming.
- Substantial numbers of New Hampshire residents already gamble at casinos throughout New England and the average propensity to gamble will increase as new facilities are added in the region until the market reaches saturation.<sup>10</sup>
- The proposed Rockingham Park casino:
  - will be a \$600 million investment that is well-designed and attractive to potential customers (see Figure 1);<sup>11</sup>
  - will open a permanent gaming facility on January 1, 2018, with 2,500 slot machines, 75 table games, and 25 poker tables, a 300-room hotel with spa, a 1,000 to 1,500 seat entertainment venue, conference facilities, food and beverage service, and retail outlets;
  - would operate at 48% of its full potential in fiscal year FY 2018 (Year 1)<sup>12</sup> and 100% of its full potential in FY 2019 (Year 2); and
  - would be aggressively marketed within its Designated Market Area (DMA) and be well operated by its owners and management.

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<sup>10</sup> Shim and Seigel (1995, 306) define market saturation as "the point of a product life cycle where the market has been completely filled so that no more sales for goods and services can be taken up," i.e., as the point where supply and demand are in equilibrium.

<sup>11</sup> This figure includes all pre-development costs (e.g., professional services), an \$80 million license fee, and construction costs, see, AnnMarie Timmins, Proposed Salem Casino Gets Bigger, Adds Hotel and Spa," *Concord Monitor*, May 9, 2013, available at <http://www.concordmonitor.com/news/politics/6067666-95/salem-casino-gets-bigger-hotel-spa-and-entertainment-space-added>.

<sup>12</sup> For purposes of modeling fiscal year revenues, it is assumed that the complete gaming facility will be open for one-half of the state's FY 2018 (i.e., January 1 to June 30, 2018).

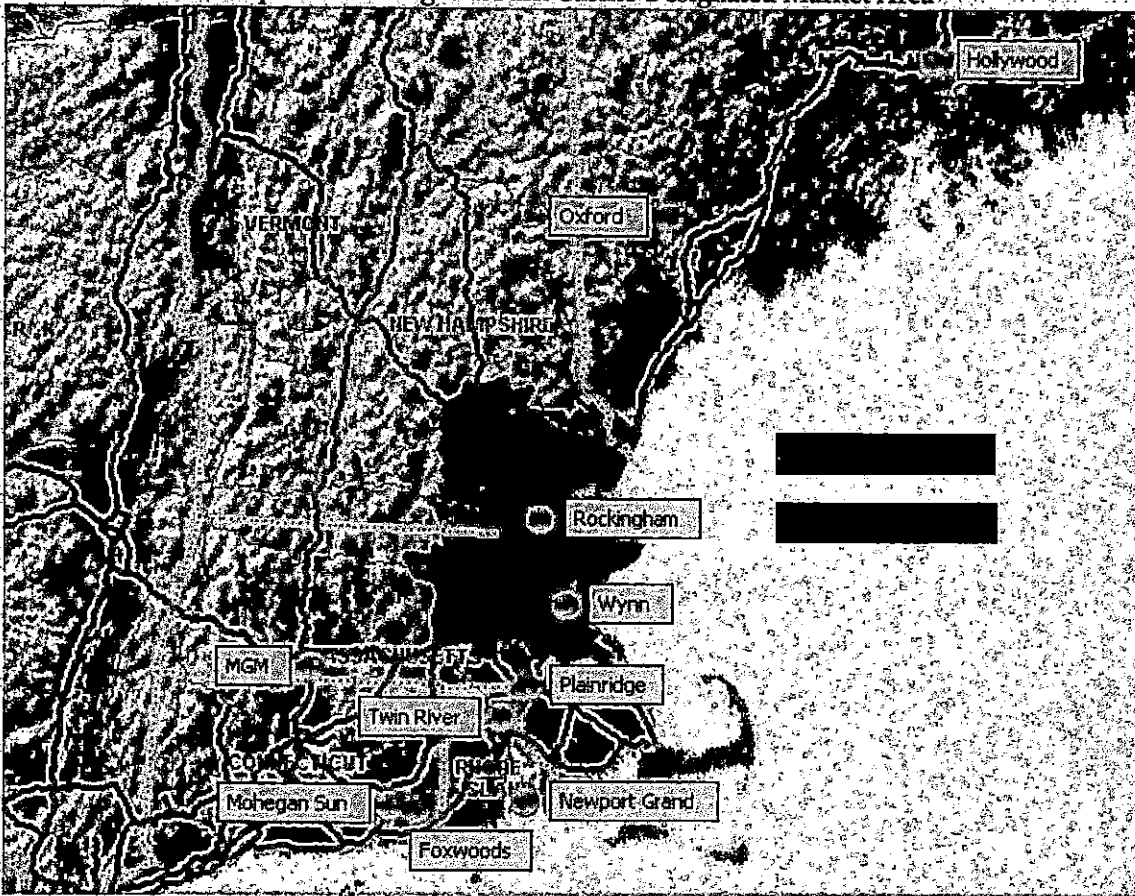


### 3.0 Analysis and Results

#### 3.1 Designated Market Area

The Designated Market Area (DMA) for the proposed Rockingham Park casino is differentiated into primary, secondary, and tertiary market areas. The primary market area is defined as a drive time of 0 to 30 minutes to the proposed facility. The secondary market area is defined as a drive time of 31 to 90 minutes, while the tertiary market area is defined as a drive time of 91 minutes or more, including out-of-market tourists who visit the facility while staying in the region for other business or leisure activities (see Figure 2 and Figure 3).<sup>13</sup>

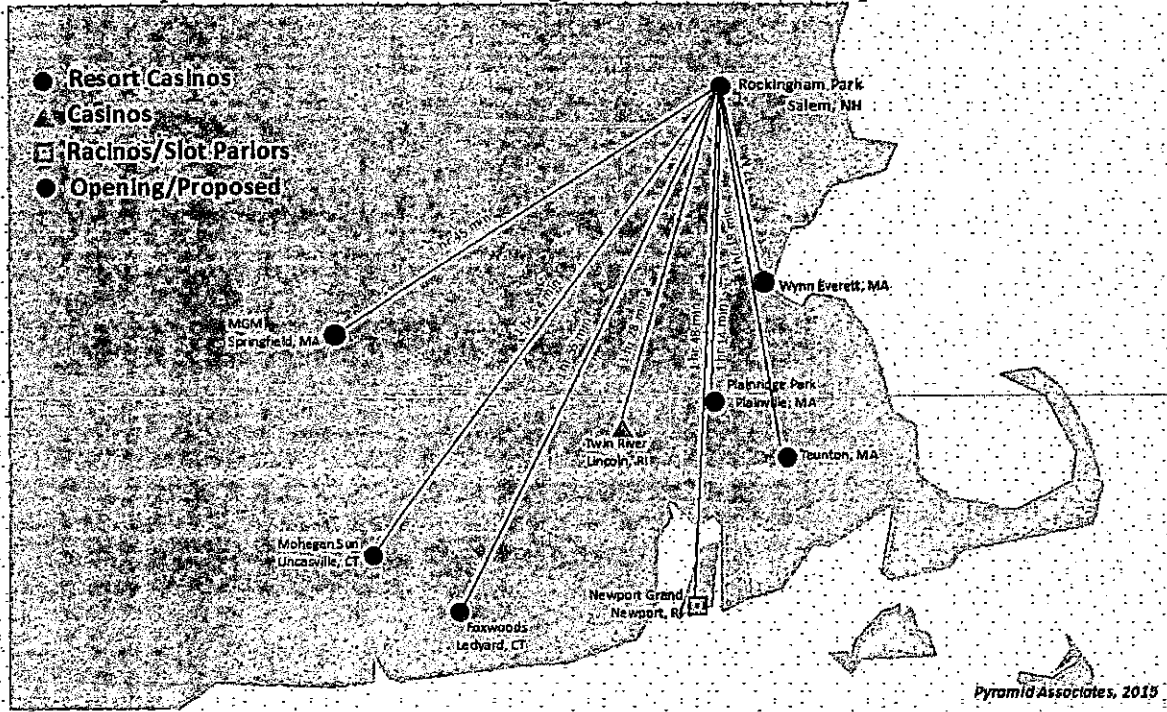
Figure 2  
Proposed Rockingham Park Casino Designated Market Area



<sup>13</sup> Drive times were estimated with MS MapPoint.



**Figure 3**  
**Optimal Drive Times from Rockingham Park Casino to Competitor Casinos**



### 3.2 Market Potential of the Proposed Rockingham Park Casino

There are 5.5 million adults (age 21+) living in the proposed Rockingham Park casino's Designated Market Area (DMA) and these individuals currently have \$360.0 billion in disposable personal income (DPI) (see Table 1). The gravity model operationalized for the proposed casino projects gross gaming revenue of \$376.5 million in its first full-fiscal year of stabilized operations, which is FY 2019 (Year 2). The gravity model generates a customer base of 0.70 million visitors and 5.1 million annual visits, with an average of 7 visits per year per visitor. The gravity model predicts that the proposed Rockingham Park casino will generate approximately 59% of its gross gaming revenue from within its primary market area (0-30 minutes), while 41% of its gross gaming revenue will be generated by visitors who travel more than one-half hour to reach the casino. Approximately 13% of gross gaming revenue will be generated by visitors who travel more than 60 minutes to reach the casino (see Table 1).



**Table 1****Proposed Rockingham Casino:  
Demographic and Market Summary**

	Within 0 - 30 Minutes	Within 31 - 60 Minutes	Within 61 - 90 Minutes	Out-of-Market & Tourism Factor	Total
<b>Total Population (2013)</b>	1,323,293	3,822,383	2,284,864	N/A	7,430,540
<b>Adult Population (Age 21+) (2013)</b>	970,908	2,846,737	1,682,981	N/A	5,500,626
<b>Disposable Personal Income (2013)</b>	\$63,689,153,464	\$200,289,907,669	\$96,022,251,596	N/A	\$360,001,312,729
<b>Gross Gaming Revenues (est. FY 2018)</b>	\$220,571,872	\$105,185,844	\$37,983,273	\$12,730,934.69	\$376,471,924
<b>GGR as Ratio of DPI</b>	0.0035	0.0005	0.0004	N/A	0.0010
<b>Annual Visitors</b>	310,691	227,739	100,979	62,714	702,123
<b>Propensity to Gamble</b>	32%	8%	6%	N/A	N/A
<b>Annual Visits</b>	3,728,288	1,138,695	201,958	62,714	5,068,941
<b>Percent of Annual Visits</b>	74%	22%	4%	1%	N/A
<b>Average Visits Per Year</b>	12	5	2	1	7
<b>Percent of GGR by Functional Distance</b>	59%	28%	10%	3%	97%
<b>Average Spend Per Visit</b>	\$59	\$92	\$188	\$203	\$74

Sources: U.S. Census (2013); U.S. Bureau of Economic Analysis (2013); Pyramid Associates, LLC (2015).

Note: 2013 dollars.



The proposed Rockingham Park casino will achieve its first full fiscal year of stabilized revenue in Year 2 (FY 2019) of operations. The proposed casino will generate \$376.5 million in gross gaming revenue and an additional \$32.6 million in non-gaming revenue for annual gross revenue of \$409.0 million.

Assuming a normal distribution of gaming revenue between slot machines and table games, the Rockingham Park casino will pay \$47.8 million in gaming taxes in its first fiscal year of operations (FY 2018) and \$116.7 million in gaming taxes in its second fiscal year of operations (FY 2019).<sup>14</sup>

**Table 2**

Estimated Revenue for Rockingham Park Casino, FY 2018 Thru FY 2022					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Gross Gaming Revenue (GGR)</b>					
No. Slots	2,500	2,500	2,500	2,500	2,500
No. Table Games	75	75	75	75	75
No. Poker Tables	25	25	25	25	25
Annual Visits	2,068,128	5,068,941	5,068,941	5,068,941	5,068,941
Daily Win Per Unit	\$263	\$322	\$322	\$322	\$322
Daily Win Per Table	\$2,305	\$2,819	\$2,819	\$2,819	\$2,819
Daily Win Per Poker Table	\$506	\$619	\$619	\$619	\$619
Slot Win (Annual)	\$120,395,721	\$293,648,101	\$293,648,101	\$293,648,101	\$293,648,101
Table Win (Annual)	\$31,642,465	\$77,176,744	\$77,176,744	\$77,176,744	\$77,176,744
Poker Win	\$2,315,302	\$5,647,079	\$5,647,079	\$5,647,079	\$5,647,079
<b>Gross Gaming Revenue</b>	<b>\$154,353,489</b>	<b>\$376,471,924</b>	<b>\$376,471,924</b>	<b>\$376,471,924</b>	<b>\$376,471,924</b>
Slot revenue as % of GGR	78%	78%	78%	78%	78%
GGR as % of Gross Revenue	90%	92%	92%	92%	92%
<b>Non-Gaming Revenue (NGR)</b>					
No. Hotel Rooms	250	250	250	250	250
Hotel	\$ 8,030,000	\$ 8,531,875	\$ 8,531,875	\$ 8,531,875	\$ 8,531,875
Food & Beverage	\$ 8,210,468	\$ 20,833,348	\$ 20,833,348	\$ 20,833,348	\$ 20,833,348
Retail	\$ 517,032	\$ 1,774,129	\$ 1,774,129	\$ 1,774,129	\$ 1,774,129
Entertainment	\$ 227,494	\$ 557,584	\$ 557,584	\$ 557,584	\$ 557,584
Other	\$ 330,900	\$ 861,720	\$ 861,720	\$ 861,720	\$ 861,720
<b>Non-Gaming Revenue</b>	<b>\$ 17,315,894</b>	<b>\$ 32,558,655</b>	<b>\$ 32,558,655</b>	<b>\$ 32,558,655</b>	<b>\$ 32,558,655</b>
NGR as % of Total Operating Revenue	10%	8%	8%	8%	8%
<b>Gross Revenue</b>	<b>\$ 171,669,383</b>	<b>\$ 409,030,579</b>	<b>\$ 409,030,579</b>	<b>\$ 409,030,579</b>	<b>\$ 409,030,579</b>
<b>Gaming Taxes Paid to New Hampshire</b>	<b>\$ 47,834,146</b>	<b>\$ 116,668,649</b>	<b>\$ 116,668,649</b>	<b>\$ 116,668,649</b>	<b>\$ 116,668,649</b>

Note: 1. Revenues in 2013 constant dollars. 2. Assumes January 1, 2018 start date for Rockingham Park Casino. Consequently, figures for FY 2018 are for one-half fiscal year. 3. Assumes that Penn National, MGM, and Wynn are open no later than July 1, 2017.

It is estimated that at least 68.4% of a Rockingham Park casino's gross gaming revenue will be captured and recaptured from adjacent states, including Connecticut, Maine, Massachusetts, and Rhode Island so that gaming "exports" will infuse at least \$257.5 million of "new money" into the New Hampshire economy.

<sup>14</sup> This estimates assumes a 35% tax on slot machine revenue and an 18% tax on table games revenue.



## 4.0 Economic Impact Analysis

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The Consultant conducted an economic impact analysis of the proposed Rockingham Park casino to estimate the direct, indirect, and induced economic impacts of the proposed casino.

### 4.1 Definitions

Many specialized terms and concepts are utilized in measuring the economic impacts of the gaming (or any other) industry. Economic impacts measure the importance of an economic activity primarily in terms of the output (total gross revenues), employment, and personal income generated by that activity:

**Output** – the value of goods and services produced at the identified business establishment or construction project.

**Employment** – the number of people employed at the identified business establishment or construction project, including wage and salary employees and self-employed persons.

**Personal income** – the wages, benefits, and other income derived from employment that is linked geographically to the identified work site.

Economic impacts consist of direct impacts, indirect impacts, induced impacts, and total impacts. *Direct impacts* are the economic activities carried out at a business establishment or construction project and are therefore an immediate consequence of the economic activity that would not have occurred in the absence of the business establishment or construction project.

*Indirect impacts* derive primarily from off-site economic activities that are attributable to the identified business establishment. These economic activities occur mainly as a result of *non-payroll expenditures* by the business within a defined local area (i.e., town, city, county, metropolitan statistical area). Local expenditures include a range of operating expenses such as construction materials, office supplies, motor transport, horticultural services, furniture, utilities, maintenance and repairs, business machines, business services, management consulting, and so forth. Indirect impacts differ from direct impacts insofar as they originate entirely off-site, although the indirect impacts would not have occurred in the absence of the identified business establishment.

*Induced impacts* are the multiplier effects of the direct and indirect impacts created by successive rounds of spending by employees and proprietors.<sup>15</sup>

*Total impacts* are the sum of the direct, indirect, and induced impacts.

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<sup>15</sup> Most of the take-home income earned by employees is spent locally. Some of this spending becomes income to local individuals who provide services to employees. Some the spending by employees goes to local businesses and becomes income to the business owners and their employees. Subsequently, part of these second-round incomes are also spent locally and thus become income to another set of individuals. As successive rounds of spending occur, additional income is created in the local area, region, and state. The impact of these successive rounds of spending is called the multiplier effect.





The direct, indirect, and induced employment impacts of the Rockingham Park are specified using IMPLAN (IMPact Analysis for PLANing), which is an econometric modeling system developed by applied economists at the University of Minnesota and the U.S. Forest Service. The IMPLAN modeling system has been in use since 1979 and is currently used by over 500 private consulting firms, university research centers, and government agencies. The Consultant has been a licensed IMPLAN user since 1999 and regularly employs its econometric modeling system in conducting economic and fiscal impact analyses.

## 4.2 IMPLAN Modeling System

The IMPLAN modeling system combines the U.S. Bureau of Economic Analysis' Input-Output Benchmarks with other data to construct quantitative models of trade flow relationships between businesses and between businesses and final consumers. From this data, one can examine the effects of a change in one or several economic activities to predict its effect on a specific state, regional, or local economy (impact analysis). The IMPLAN input-output accounts capture all monetary market transactions for consumption in a given time period. The IMPLAN input-output accounts are based on industry survey data collected periodically by the U.S. Bureau of Economic Analysis and follow a balanced account format recommended by the United Nations.

IMPLAN also includes social accounting data (e.g., personal income and gross state product) that makes it possible to measure non-industrial transactions such as the payment of indirect taxes by businesses and households. The IMPLAN data base provides data coverage for the entire United States by county and has the ability to incorporate user-supplied data at each stage of the model building process to insure that estimates of economic impacts are both up-to-date and specific to an economic impact area.<sup>16</sup> IMPLAN can construct local input-output models in units as small as five-zip code clusters.

IMPLAN's Regional Economic Accounts and the Social Accounting Matrices are used to construct local, county, or state-level multipliers specific to an impact area. Multipliers describe the response of an economy to a change in demand or production. The multipliers allow economic impact analysis to move from a descriptive input-outputs model to a predictive model. Each industry that produces goods or services generates demand for other goods and services and this demand is multiplied through a particular economy until it dissipates through "leakage" to economies outside the specified area. Thus, multipliers calculate the response of the economic impact area to a change in demand or production.

IMPLAN models *discern and calculate leakage* from local, regional, and state economic areas based on workforce configuration, the inputs required by specific types of businesses, and the availability of both inputs in the economic area. Consequently, *economic impacts that accrue to other regions or states as a consequence of a change in demand are not counted as impacts within the economic area.* The model

<sup>16</sup> The IMPLAN modeling system draws on a variety of statistical sources, including the Bureau of Labor Statistics Growth Model; Bureau of the Census population data, ES-202 employment and earnings data, the Regional Economic Information System (REIS), and the Bureau of Economic Analysis Gross State Product data.



accounts for substitution and displacement effects by deflating industry-specific multipliers to levels well below those recommended by the U.S. Bureau of Economic Analysis. In addition, multipliers are applied only to *personal disposable income* to obtain a more realistic estimate of the multiplier effects from increased demand. The reliability of these estimates has been proven through empirical testing (Department of Commerce 1981; Brucker et al 1990).

A predictive model is constructed by specifying a series of new expenditures in a specific economic area (e.g., new employment or construction) which is then applied to the industry multipliers for that particular region. Based on these calculations, the model estimates final demand, which includes employment, employee compensation (excluding benefits), and point-of-work personal income (including benefits). The initial IMPLAN data details all purchases in a given area, including imported goods and services. Importantly, IMPLAN's Regional Economic Accounts exclude imports to an economic area so the calculation of economic impacts identifies only those impacts specific to the economic impact area. IMPLAN calculates this distinction by applying Regional Purchase Coefficients (RPC) to predict regional purchases based on an economic area's particular characteristics. The Regional Purchase Coefficient represents the proportion of goods and services that will be purchased regionally under normal circumstances, based on the area's economic characteristics described in terms of actual trade flows within the area.

The Consultant built an input-output model for the State of New Hampshire using the IMPLAN Professional 3.0 model building software and data packages. The data used in the model are for 2013, which is the latest available. Where necessary, all inputs were converted to 2013 dollars using appropriate deflators (producer price indices for industrial commodities and the personal consumption expenditure deflator for personal income). Model outputs are reported in 2013 dollars.

It is possible to estimate the economic impact of a casino's operations and capital expenditures simply by changing the output of the appropriate industries in the econometric model. This method assumes that a Rockingham Park casino's production function is the same as the average for the entire industry. The Consultant built an additional input-output model for the casino's capital (construction) spending. In both models, payments to business establishments within the region are distributed among industrial sectors by applying the model's regional purchase coefficient to local purchases. In the capital spending model, it is assumed that all construction spending went first to local contractors, which does not allow IMPLAN to apply a regional purchase coefficient to that spending.

### 4.3 Data Sources

Economic impacts are normally calculated separately for the *construction phase* and *operations phase* of a business establishment. The economic impacts of construction and other capital expenditures are inherently limited in duration and last only as long as construction and related capital purchases are underway. The operations phase of a business establishment generates economic impacts that continue as long as the facility remains in existence.



## 4.4 Capital Expenditures

The capital investment required to complete the Rockingham Park casino is approximately \$600 million, including land purchases, pre-development costs (insurance, legal, consulting, engineering), building costs, gaming equipment, furniture, fixtures, hotel furnishings, and other equipment necessary to open the proposed facility. However, items that do not produce direct impacts (e.g., licensing fee) or that will likely be purchased outside the state of New Hampshire, such as gaming devices, were excluded from the calculation of construction phase economic impacts, since these expenditures do not generate direct construction-related jobs within New Hampshire. For the same reason, estimated expenditures for land purchases and transfers were excluded from the calculation of construction phase economic impacts.

After these adjustments, the Consultant estimates that the direct economic impact on the state of New Hampshire will be approximately \$410.75 million in additional output spread over Fiscal Years 2016 and 2017 of the project (i.e., the construction phase).

### 4.41 Assignment to IMPLAN Industry Sectors

Construction and building expenditures were assigned to IMPLAN code 34 Construction of new nonresidential commercial and health care structures for purposes of calculating direct, indirect, and induced impacts.

### 4.42 Regional Purchase Coefficient

The IMPLAN model assumes that all construction is purchased from local contractors, who then purchase goods and services from inside and outside the state or local area according to the average for the industry. This assumption has been adjusted to an RPC of 68.5%, by excluding expenditures for licensing fees, gaming devices, and some professional and development expenses, which yields a more accurate estimate of construction-related output, employment, and income impacts on the State of New Hampshire.

### 4.43 Trade and Freight Margins

When a casino purchases goods or services, the expenditure covers at least the prices of the goods or services, but it may also include the cost of shipping, insurance, wholesale margin, retail margin, and brokerage fees. IMPLAN provides sector-specific margins to account for these "exported" expenditures. It is assumed that construction services are purchased directly from contractors.



## 5.0 Construction Phase of Economic Impacts

The economic and fiscal impact analysis covers six fiscal years, beginning July 1, 2015 through June 30, 2021. It is assumed that site preparation for a new casino will begin on July 1, 2015 (start date) and that construction will be completed no later than December 31, 2017 (completion date). Millennium Gaming, Inc. provided the Consultant with its projected budget for construction expenditures. It is estimated that a casino developer will invest a total of \$410.75 million in buildings, furnishings, and gaming equipment for a resort hotel and convention center in Salem, New Hampshire. This previous sentence needs to be changed.

The IMPLAN modeling system can use final demand to generate direct employment and labor income estimates from the U.S. Bureau of Economic Analysis Benchmark Input-Output accounts for the State of New Hampshire. However, since final demand was used to generate an estimate of direct economic impacts, the final demand input was discounted from the \$600 million total investment to \$410.75 million to exclude the purchase of gaming equipment (e.g., tables and video lottery terminals), license fees, and other items that are not produced in the state of New Hampshire or that do not generate construction-related employment.<sup>17</sup> The \$410.75 million capital investment also does not include land acquisition costs. The exclusion of these costs from final demand input yields a more realistic estimate of direct economic impacts during the construction phase.

### 5.1 Direct Employment and Compensation Impacts

The IMPLAN model predicts that the construction of a Rockingham Park casino with a hotel will generate 1,742 direct construction jobs over a 30-month period and \$74.9 million in direct employee compensation (see Table 3). These jobs will have an annual average wage of \$42,974 (2013 dollars), which does not include payments for fringe benefits.

**Table 3**  
**Rockingham Park Casino:**  
**Employment & Compensation Impacts of Casino Construction (FY 2016 to FY 2018)**

	Direct	Indirect	Induced	Total
Employment	1,742	566	778	3,086
Compensation	\$ 74,878,846	\$24,856,904	\$26,898,240	\$126,633,990
Annual Avg. Wage	\$42,974	\$43,894	\$34,588	\$41,030

Sources: Implan (2013); Pyramid Associates, LLC (2015). Note: 2013 dollars.

<sup>17</sup> The IMPLAN model defaults all construction to a regional purchasing coefficient of 100%. The model was adjusted to account for the probability that not all construction contractors, vendors, and employees will be based in the state of New Hampshire.



## 5.2 Indirect & Induced Employment & Compensation Impacts

The IMPLAN model predicts that construction of the Rockingham Park casino will sustain an additional 566 jobs in New Hampshire through indirect impacts (i.e., construction-related purchases) and 778 jobs through induced impacts (i.e., consumer purchases by construction workers). The employment generated by indirect and induced impacts will sustain an additional \$51.8 million in employee compensation in New Hampshire (see Table 3).

The IMPLAN modeling system is able to specify the sectoral distribution of indirect and induced impacts by calculating the regional effect of construction purchases based on the BEA's input-output accounts for New Hampshire by calculating the effect of increased consumer demand (employment) from gross state product data. The model predicts that indirect and induced impacts will be distributed widely across the state and that these impacts will be distributed across a majority of IMPLAN's 440 account sub-codes. The most significant indirect and induced impacts will occur in sectors that provide construction-related inputs or services and consumer services to construction employees (see Table 4).

Table 4

Rockingham Park Casino:					
Major Sectoral Distribution of Indirect & Induced Employment Impacts					
Sector	Industry Sector	Direct	Indirect	Induced	Total
369	Architectural, engineering, and related services	0	87	1	88
413	Food services and drinking places	0	15	58	72
319	Wholesale trade businesses	0	27	16	43
360	Real estate establishments	0	12	23	35
397	Private hospitals	0	0	31	31
394	Offices of physicians, dentists, and other health practitioners	0	0	31	31
324	Retail Stores - Food and beverage	0	2	19	22
382	Employment services	0	14	7	20
398	Nursing and residential care facilities	0	0	20	20
329	Retail Stores - General merchandise	0	2	15	17
388	Services to buildings and dwellings	0	10	6	17
356	Securities, commodity contracts, investments, and related ac	0	8	7	15
425	Civic, social, professional, and similar organizations	0	8	6	14
392	Private junior colleges, colleges, universities, and professiona	0	0	14	14
367	Legal services	0	9	5	13
354	Monetary authorities and depository credit intermediation ac	0	8	5	13
400	Individual and family services	0	0	13	13
414	Automotive repair and maintenance, except car washes	0	6	5	11
395	Home health care services	0	0	11	11
426	Private household operations	0	0	10	10
368	Accounting, tax preparation, bookkeeping, and payroll servic	0	7	3	10
320	Retail Stores - Motor vehicle and parts	0	1	8	10

Source: Implan (2013); Pyramid Associates, LLC (2015). Note: Only includes impacts of 10+ jobs.



## 6.0 Operations Expenditures

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Casino operations generate economic impacts that continue as long as the facility remains in existence. The IMPLAN modeling system uses U.S. Bureau of Labor Statistics earnings and income data and the U.S. Bureau of Economic Analysis Regional Economic Information System (REIS) to calculate employment and place of work income. These estimates are based on direct employment data specific to the different aspects of a casino's operations and based on actual compensation rates in the particular region and locality.

### 6.1 Assignment to IMPLAN Industry Sectors

The allocation of employment and expenditures among the 440 IMPLAN industry sectors (account sub-codes) was estimated by assigning gaming expenditure estimates from the gravity model to IMPLAN sub-code 409 Amusement Parks, Arcades, and Gambling Industries. Non-gaming expenditure estimates from the gravity model were assigned to the following IMPLAN sub-codes:

- 411 Hotels and motels, including casino hotels
- 413 Food services and drinking places
- 324 Retail – Food and beverage
- 325 Retail – Health and personal care
- 327 Retail – Clothing and clothing accessories
- 328 Retail – Sporting goods, hobby, book and music
- 329 Retail – General merchandise
- 330 Retail – Miscellaneous
- 355 Nondepository credit intermediation and related activities
- 405 Independent artists, writers, and performers

### 6.2 Regional Purchase Coefficients

The economic impacts of the Rockingham Park casino are calculated for New Hampshire, with the resort casino located in Salem, New Hampshire. Operating purchases from vendors outside the designated impact area are excluded from the calculation of economic impacts within the state and local area.<sup>18</sup>

### 6.3 Trade and Freight Margins

When a casino purchases goods or services, its expenditure covers at least the prices of the goods or services, but it may also include the cost of shipping, insurance, wholesale margin, retail margin,

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<sup>18</sup> An inherent weakness of a single-region input-output model, such as IMPLAN, is that it cannot capture the *feedback effects* that result when purchases from a supplier outside the region lead to additional purchases within the region by that supplier or suppliers. It is possible to construct a multi-region input-output model to capture feedback effects, but such a model requires a great deal of data collection and is not supported by the IMPLAN software.



and brokerage fees. IMPLAN provides sector-specific margins to account for these “exported” expenditures.

## 6.4 Operations Phase of Economic Impacts

The economic impact analysis for operations covers five fiscal years, beginning July 1, 2016 through June 30, 2021.

**Employment** is defined as the total number of wage and salary employees and self-employed jobs in a region. It includes both full-time and part-time workers. The data sets used to calculate total employment are the ES-202 data, County Business Patterns, and the Regional Economic Information System.

**Personal income or employee compensation** is wages, benefits, and other income derived from employment that is linked geographically to the workplace site. Employee compensation *does not* include tip income, which is normally an additional 22% of the actual wages of a casino operations employee, but it does include fringe benefits, which are normally 25% of the wages and salaries of full-time employees.

### 6.4.1 Direct Employment and Compensation Impacts

The IMPLAN model predicts that casino operations with \$376.5 million in gross gaming revenue and \$32.6 in non-gaming revenue will generate 1,670 jobs and \$70.4 million in direct employee compensation and another \$17.6 million in fringe benefit payments.<sup>19</sup> These jobs will have an annual average wage of \$42,171, which does not include payments for fringe benefits or tips (see Table 5).<sup>20</sup>

**Table 5**  
**Rockingham Park Casino:**  
**Employment & Compensation Impacts of Casino Operations (FY 2019)**

	Direct	Indirect	Induced	Total
Employment	1,670	623	533	2,826
Compensation	\$ 70,425,804	\$22,675,051	\$19,375,786	\$112,476,641
Annual Avg. Wage	\$42,171	\$36,397	\$36,352	\$39,801

*Sources: Implan (2013); Pyramid Associates, LLC (2015). Note: 2013 dollars.*

### 6.4.2 Indirect & Induced Employment & Compensation Impacts

Based on revenue inputs from the gravity model, the IMPLAN model predicts that casino operations (gaming and non-gaming) will sustain an additional 623 jobs in New Hampshire through indirect impacts (i.e., casino-related local purchases) and 533 jobs through induced impacts (i.e., local

<sup>19</sup> The Rockingham Park casino will on average spend an additional \$10,543 (25%) per employee on fringe benefits, which includes payments to the Federal government for Unemployment Insurance and Social Security.

<sup>20</sup> Fringe benefits payments reappear in the model as indirect impacts, since the payments are to insurance carriers, pension fund managers, hospitals, health care professionals, and government agencies, among others.



purchases by employee) by FY 2019. The employment generated by indirect and induced impacts will sustain an additional \$42.1 million in employee compensation in New Hampshire (see Table 5).

The IMPLAN modeling system is able to specify the sector distribution of indirect and induced impacts by calculating the regional effect of a casino's purchases and local purchases by its employees based on the BEA's input-output accounts for New Hampshire and by calculating the effect of increased consumer demand (employment) from gross state product data. The model predicts that indirect and induced impacts will be widely distributed across 106 of IMPLAN's 440 industry account sub-codes. The most significant indirect and induced impacts will occur in sectors that provide casino-related inputs or services or that provide retail, health care, and financial services to casino employees (see Table 6).

**Table 6**

**Rockingham Park Casino:**  
**Sectoral Distribution of Major Indirect and Induced Employment Impacts**

Sector	Industry Sector	Indirect	Induced	Total
413	Food services and drinking places	62	59	121
388	Services to buildings and dwellings	52	7	59
360	Real estate establishments	19	24	43
397	Private hospitals	0	32	32
394	Offices of physicians, dentists, and other health practitioners	0	32	32
382	Employment services	24	7	31
39	Maintenance and repair construction of nonresidential structures	24	3	27
377	Advertising and related services	22	2	24
319	Wholesale trade businesses	6	16	22
398	Nursing and residential care facilities	0	21	21
324	Retail Stores - Food and beverage	1	20	20
381	Management of companies and enterprises	18	2	20
427	US Postal Service	15	2	17
329	Retail Stores - General merchandise	0	15	16
421	Dry-cleaning and laundry services	11	2	14
392	Private junior colleges, colleges, universities, and professional sch	0	14	14
368	Accounting, tax preparation, bookkeeping, and payroll services	11	3	14
400	Individual and family services	0	13	13
356	Securities, commodity contracts, investments, and related activiti	5	8	13
374	Management, scientific, and technical consulting services	10	2	12
367	Legal services	6	5	11
395	Home health care services	0	11	11
357	Insurance carriers	5	5	11
426	Private household operations	0	11	11
432	Other state and local government enterprises	6	4	10
386	Business support services	7	2	10

Source: Implan (2013); Pyramid Associates, LLC (2015). Note: Only includes impacts of 10+ jobs.







## 7.0 Total Combined Economic Impacts

The total combined economic impacts for construction and operations will be realized over a four year phase-in period with the beginning of construction, the opening of the resort, and a ramp-up to full operating capacity and operational maturity. The estimated rate at which these impacts will be realized under are shown in Table 7.

Table 7

Rockingham Park Casino:						
Total Employment Impacts Generated by Construction & Operations Phases						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Direct Economic Impacts</b>	<b>523</b>	<b>871</b>	<b>1,768</b>	<b>1,670</b>	<b>1,670</b>	<b>1,670</b>
Construction	523	871	348	-	-	-
Operations	-	-	1,420	1,670	1,670	1,670
<b>Indirect Economic Impact</b>	<b>170</b>		<b>643</b>	<b>623</b>	<b>623</b>	<b>623</b>
Construction	170	283	113	-	-	-
Operations	-	-	530	623	623	623
<b>Induced Economic Impact</b>	<b>233</b>		<b>609</b>	<b>533</b>	<b>533</b>	<b>533</b>
Construction	233	389	156	-	-	-
Operations	-	-	453	533	533	533
<b>Total Economic Impacts</b>	<b>926</b>	<b>1,543</b>	<b>3,019</b>	<b>2,826</b>	<b>2,826</b>	<b>2,826</b>
Construction	926	1,543	617	0	0	0
Operations	-	0	2,402	2,826	2,826	2,826

Source: Implan (2013); Pyramid Associates, LLC (2015).



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## Appendix A: About the Author

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### Clyde W. Barrow, Ph.D.

Pyramid Associates, LLC is a registered Massachusetts company (est. 2006) that specializes in gaming market analysis (gravity modeling), industry analysis, economic base analysis, economic impact analysis, workforce development planning, and behavioral survey research. Recent clients (2010-2015) include governments, companies, tribes, and other entities doing business in California, Connecticut, Illinois, Maine, Massachusetts, New Hampshire, Nevada, New York, Pennsylvania, Rhode Island, Texas, Washington, and Wisconsin.

The company's general manager (and principal investigator for this report) is Dr. Clyde W. Barrow (Ph.D., UCLA, 1984). Dr. Barrow is a Professor of Public Policy and Chair of the Department of Political Science at the University of Texas-Rio Grande Valley. He was previously a Professor of Public Policy and Director of the Center for Policy Analysis at the University of Massachusetts Dartmouth (1987-2014). In addition to teaching and conducting research and analysis at the University of Texas, he has served as a consultant to governments, private companies, business and trade associations, non-profit organizations, and educational institutions across the United States.

Dr. Barrow specializes in public policy research and analysis. His areas of expertise include feasibility analysis, economic impact analysis, regional economic development, survey development and implementation, and policy analysis. His work has involved a wide variety of industries, including casino gaming, retail trade, science and technology, textiles and apparel, national defense, education, health care, and arts, crafts, and cultural industries.

For two decades, Dr. Barrow has been studying the economic, fiscal, and social impacts of casino gaming, including commercial casinos, racinos, and Indian gaming. He has studied existing and proposed gaming facilities throughout the United States and has served as a consultant to several Fortune 500 companies. He is project manager for the Northeastern Gaming Research Project, which annually conducts research and analysis of New England and Northeastern casino gaming.

Dr. Barrow's research has been published in various scholarly journals, including *Gaming Law Review and Economics*, *Gaming Research & Review Journal*, *Casino Enterprise Management*, *Journal of Travel Research*, *Massachusetts Benchmarks*, and *Journal of Economic Issues*. He has also published many books, book chapters, applied policy monographs, book reviews, and articles in trade publications, magazines, and newspapers. He has delivered numerous conference papers and invited talks, and delivered expert testimony to several state legislatures, arbitration panels, courts, and to various state, federal, and municipal agencies.

Dr. Barrow holds a B.A. in Political Science from Texas A&M University, and an M.A. and Ph.D. in Political Science from the University of California, Los Angeles.



## Appendix B: About Pyramid Associates, LLC

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Pyramid Associates, LLC is a registered Massachusetts company (est. 2006) with offices in Westport, Massachusetts and Edinburg, Texas. The company specializes in providing custom designed applied policy and economic research for clients in the public, private, and non-profit sectors, including many Fortune 500 companies. The company's areas of expertise include:

- Gaming market analysis (gravity modeling);
- Economic impact and economic base analysis;
- Industry analysis;
- Workforce development planning;
- Public opinion polling and behavioral survey research.

The partners and employees at Pyramid Associates, LLC have conducted research on a wide variety of industries, including:

- Casino gaming,
- Retail trade,
- Marine science and technology,
- Technology assessment,
- Textiles and apparel,
- Health care,
- Educational services,
- Arts and crafts,
- Cultural economic development, and
- Public infrastructure development,
- Workforce development planning.



## Appendix C: Retail Gravity Modeling

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The gravity model is a tool first developed by economists in the late 1920s and early 1930s for the purpose of estimating retail trade flows between various geographic areas, although private retail companies quickly recognized their utility for estimating the potential customer base and future annual sales of new stores. Gravity models are actually derived from Sir Isaac Newton's Law of Gravitation, which was first used to predict the movement of people, commodities, and sales by William J. Reilly, a professor of business at the University of Texas. Reilly published *The Law of Retail Gravitation* in 1931 after he realized that Newton's Law of Gravitation seemed to loosely express the empirical regularities he observed while conducting several trading area investigations for chain grocery stores in Texas during the late 1920s (Reilly 1929).

Newton's Law of Gravitation, which was first articulated in his *Philosophiæ Naturalis Principia Mathematica* (1687) states that the gravitational force between two masses is proportional to the product of the two masses and inversely proportional to the square of the distance between them. Reilly argued that Newton's Law of Gravitation seemed to provide a good working hypothesis for defining the boundaries of competing retail trade areas if one translated the law into two behavioral concepts: (a) that the ability of a city to attract non-resident trade is a function of its population (mass) and (b) that the flow of nonresident trade to a city is an inverse function of distance (force) (Thompson 1967, 37). If one adopted this hypothesis, then the law of retail gravitation could be used to calculate the "breaking point" between two places, where customers will be drawn to one or another of two competing commercial centers (Anas 1987, 45-54; Golledge and Timmermans 1988). In this sense, Reilly argued that "two cities attract retail trade from an intermediate city or town in the vicinity of the breaking point approximately in direct proportion to the populations of the two cities and in inverse proportion to the square of the distances from the two cities to the intermediate town" (Huff 1963, 81-82), although notably, Reilly's formulation of the law presumes that the geography of an area is flat without any rivers, roads, or mountains to alter a consumer's decision about where to travel to purchase a particular good or service.

Reilly's Law remained an interesting hypothesis for more than a decade and, as late as 1944, the editor of *The Journal of Marketing*, which became a key academic testing ground for Reilly's Law, wrote that "there is a real need for inductive studies of consumer buying habits" (quoted in Bennett 1944, 405). Professor Victor W. Bennett published one of the first studies of this type based on a survey of 240 families living in Laurel, Maryland. The families were questioned on their choice of shopping venues in Baltimore, Maryland and Washington, D.C. and, in one of the first empirical tests of Reilly's Law, Bennett (1944, 413) found that "there is more out-of-town buying by Laurel consumers in Baltimore than in Washington, [which] conforms roughly to the application of Reilly's Law."

Bennett's study was followed by the noteworthy work of P.D. Converse (1943, 1946, 1948), a professor of business at the University of Illinois, who examined retail customer movement between several communities in Illinois and established the usefulness of Reilly's Law for defining retail trade areas across a much larger geographic area. However, Converse made a significant addition to Reilly's Law that more precisely determined the breaking point between competing trading areas centered in two different cities. Converse defined the breaking point between two trading areas as



an equilibrium boundary line where  $B_a = B_b$ , i.e., the point up to which one city exercises a dominant trading influence and beyond which another city dominates. The mathematical version of this adaptation is:

(Equation 1)

$$B_{ab} = \frac{D_{ab}}{1 + \sqrt{P_a/P_b}}$$

- Where  $B_{ab}$  = the breaking point between city A and city B in miles from B.  
 $D_{ab}$  = the distance separating city A from city B  
 $P_a$  = the population of city A; and  
 $P_b$  = the population of city B

This breakthrough was followed by the work of Frank Strohkarck and Katherine Phelps, who were working for the Curtis Publishing Company. They authored a 1948 article on the mechanics of constructing a trade area map that for the first time visually represented competing trade areas as a series of concentric and overlapping circles emanating from central places much like the three dimensional topographical or contour maps familiar to geographers. Thus, Strohkarck and Phelps added an important cartographic dimension to the gravity model as well as a mathematical refinement of the breaking point concept.

The pioneering work of Strohkarck and Phelps was further refined by Edna Douglas (1949a; 1949b), who employed three methods for identifying retail customer origins in Charlotte, North Carolina: (1) the records of the Credit Bureau of the Charlotte Merchants' Association to determine customer's addresses, (2) checks deposited during one week by a group of local retail stores to determine the location of the banks against which they were drawn and (3) an origin-destination study of passenger cars leaving Charlotte. Douglas's (1949b, 60) findings reinforced previous studies and again found that "Reilly's law of retail gravitation provides a remarkably accurate delineation of the Charlotte retail trading area." However, Douglas's empirical findings also suggested a slight modification to Strohkarck's and Phelps' concept of concentric market areas.

First, Douglas (1949b, 59-60) found that the retail trading area was not a single concentric circle with one breaking point, but a series of circles within circles that comprised primary, secondary, and tertiary market areas, with customers in the tertiary market coming from otherwise significant trading areas that were in competition with Charlotte. This led Douglas to conclude that market breaking points were not hard boundaries, where all the potential customers on one side gravitated in one direction and all of those on the other side gravitated in the other direction, but porous boundaries that delineated points where an exponentially decreasing proportion of customers would be drawn to a trading area. In this formulation, the Strohkarck and Phelps breaking point formula defines the outer boundary of a primary market area at which point the proportion of customers attracted to a trading area begins to decline exponentially, while the tertiary market area marks another point of exponential decline in customer attraction (force), because the gravitational



pull of a competing, but closer trading area begins to exert greater force on customers. Douglas also found that the primary market area was indeed nearly circular as hypothesized by Strohkarck and Phelps, but the secondary market area became somewhat elliptical, while the boundaries of the tertiary market area were quite erratic depending upon the level of competition from outlying areas with significant trading centers.

The next major advance in gravity modeling was stimulated by the emergence of regional shopping centers (i.e., malls). By the 1950s, the investors in costly real estate projects, such as banks, insurance companies, and other financial institutions, were no longer willing to rely on the intuition of business entrepreneurs for making decisions, but increasingly sought to base investment decisions on solid factual information as to the profitability of a proposed real estate investment. Similarly, prospective store tenants, often the large retail chains that were being asked to anchor the new shopping centers, conducted their own studies to evaluate proposed shopping center locations. This second generation of trade area studies incorporated concepts and research techniques from marketing, geography, statistics, economics and the behavioral science disciplines (e.g., psychology and sociology) (Applebaum 1965, 234). By the mid-1950s, this type of gravity model was being applied to both inter-urban and intra-urban market areas for the purpose of determining the market feasibility of local malls, large chain stores, and regional shopping centers (Ellwood 1954) and by the 1960s gravity models were being used to assist government officials with economic development and urban planning (Huff 1963; Lakshmanan 1964). Subsequently, gravity models were used to predict consumer preferences for a wide variety of competing retail and service industry outlets, such as hospitals (Bucklin 1971), large chain stores (MacKay 1973), banks (Ali and Greenbaum 1977), and movie theatres (Davis 2006). By the 1970s, gravity models were being extended to the leisure and social travel industries (Gilbert, Peterson, and Line 1972; Stutz 1973; Vickerman 1974).

However, during this period (1950-1970), there were two additional developments in the science of gravity modeling. First, as Louis P. Bucklin (1971, 489) observes: "In its original formulation, the retail gravity model was used to predict the point between two cities where trade between them would be divided. This 'breaking point' defined the geographical size of the market which each city controlled | the other." However, Bucklin (1967a; 1967b) was among the first scholars to test the gravity model's ability to predict *intra*-urban shopping patterns as opposed to inter-urban shopping patterns. For example, in one study, Bucklin conducted a survey of 500 female heads of household in Oakland, California. In this study, he (1967b, 42) concluded "that mass retains much influence in the selection of an intra-urban shopping center," but this innovation also shifted the concept of mass from the size of an area's population to the size and composition of the facility. This subtle shift built on the work of Professor George Schwartz's (1962) University of Illinois marketing group, which had generated impressive statistical evidence to validate Reilly's original hypothesis that one could use population or *retail square footage* as the sole proxy for measuring retail mass in gravity models.

The results of these studies were so consistent and so reliable that nearly three decades after the publication of Reilly's *Law of Retail Gravity* (1931), Robert Ferber (1958, 302) was able to declare that: "The two variables included in Reilly's Law and in subsequent formulations – *population* and *distance* – account for almost all the variations in sales between cities." Indeed, after three decades of testing Reilly's Law, Allen F. Jung (1959, 62), a research associate at the University of Chicago suggested



that "through the years little, if any, evidence has been presented which conflicts with this [Reilly's] law." These claims were reaffirmed by David L. Huff (1963, 81), who observed that "empirical evidence is available to indicate that in many cases the use of such [gravity] models has provided fairly good approximations of the limits of a number of retail trade areas."

### The Huff Model: Variety, Time, Income, and Probability

Scholars, retail executives, real estate investors, and urban planners enthusiastically embraced Reilly's Law of Retail Gravitation as an iron law of retail trade distribution, but at the same time a number of methodological amplifications were introduced in the 1960s and 1970s which culminated in the introduction of the "Huff model" (Applebaum 1965, 234). It is actually David L. Huff, a former professor of business at the University of California, Los Angeles (UCLA), who pioneered the type of gravity model utilized most frequently by the casino industry and casino industry consultants. Huff (1963, 85) proposed four modifications to Reilly's Law that were critical to the development of the Huff model: (1) Merchandise Offerings (or the number of items of the kind a consumer desires that are carried by the retail outlet); (2) the travel *time* that is involved in getting from a consumer's travel base to alternative retail facilities; (3) the average household income of people living in the trading area, (4) probability contours as opposed to breaking points. We might suggest by way of analogy that just as Newtonian mechanics was superseded – though not displaced – by Niels Bohrs' quantum mechanics a similar phenomenon occurred in the business and social sciences as the focus shifted from aggregate populations to individual consumer behavior – or from planetary bodies to sub-atomic particles.

First, Huff suggested that it is not just the square footage that measures the mass of a retail facility, but rather square footage is really a proxy indicator for the number of stores, types of stores, and range of merchandise offerings at a particular location, because it is this variety that justifies traveling longer distances by making more purchasing options available at a single location. In the gravity models used by the casino industry and its consultants, this concept of mass has typically been operationalized exclusively in terms of gaming positions, where one slot machine equals one gaming position and one table game equals five or six positions, because a table can accommodate multiple players. These accumulated modifications to the concept of mass are often referred to today as "destination effects" (Black 1983).

Second, and despite widespread recognition of this shortcoming, most gravity models, including those used in the casino industry are based on the assumption that customers patronize a facility according to some rule involving the comparative distance between two facilities, all other things being equal. A customer prefers facility A over facility B if the distance to facility A is shorter than some function of the distance to facility B (Drezner, Drezner, and Eiselt 1996). However, Richard Nelson (1958, 149) was one of the first scholars to suggest that driving time, rather than distance was a more important determinant of customer preference for alternative shopping facilities (Nelson 1958, 149). Similarly, by the late 1950s, Eugene J. Kelley (1958, 32) had commented that "convenience costs are assuming more importance as patronage determinants" compared to distance. Kelley observes by this time that marketers had actually identified "ten convenience forms" with "place convenience" being only one of the ten forms. Nevertheless, Kelley's work



continued to emphasize the importance of place, or geographic area, as defined by the concentration or dispersion of population as did Reilly.

Yet, Kelley did introduce two new elements into the concept of place convenience. Kelley (1958, 35) challenged the equivalence of "the distance concept" with "convenience" by noting that distance involves "time-cost elements rather than a purely spatial one." Higher road speeds and the emergence of large planned retail centers were actually changing consumers' perceptions of distance, because one could travel further faster and obtain more goods and services at a single location. Kelley (1958, 35) also noted the importance of parking to retail structures as an element of time convenience, observing that "it is generally agreed that shoppers resist walking more than 600 feet from their parked cars to the nearest center store ... this suggests a limit to the maximum parking distance" that can be used before a retail center loses its other advantages over competing centers and certainly anyone who operates, manages, or visits a casino will recognize the importance of parking, i.e., finding a space quickly, getting into the facility quickly, and avoiding inclement weather.

Kelley's observations were validated in subsequent research, including a study by Professors James A. Brunner and John L. Mason (1968), who studied consumer preferences for various shopping centers in Toledo, Ohio based on drive times as opposed to distance. The findings confirmed the drive-time hypothesis as superior to the simple distance concept proposed by Reilly, but given the limited geographic sample, Brunner and Mason (1968, 61) called on other researchers "to ascertain the degree to which these observations are generally true for other shopping centers in other communities." A license plate survey of 93,500 passenger cars in 18 Greater Cleveland shopping centers by Cox and Cooke (1970, 13) in fact confirmed that "the driving time required to reach a center is highly influential in determining consumer shopping center preferences" (also see, McCarthy 1964, 577; Cox and Erickson 1967, 52; Berry 1967).

However, Cox and Cooke also found that the "drawing power" (i.e., gravity factor) of a shopping center still had to be incorporated into the gravity model, because consumers were willing to drive farther to reach a shopping center depending upon "relative attractiveness" compared to other shopping centers. Cox and Cooke (1970, 14) suggested that a number of factors could be used to measure the attractiveness of a facility, such as the number of parking spaces, the size of the center, and the types of stores in the center," since these factors could partially overcome the "friction" or "inertia" of drive time and distance. Furthermore, Gautschi (1981) points out that the first gravity models constructed to evaluate the potential trade areas of planned shopping centers assumed the automobile of the 1950s and the 1960s, as well as the transportation network in place at the time. Consequently, Gautschi (1981, 172) argues that the development of better, faster, and more comfortable automobiles, the construction of superior road systems (parkways, interstate highways), and urban mass transit means (at least theoretically) that "the travel time parameter has an inflated absolute value," which "serves to underestimate the expanse of a center's trading area."

However, even as late as 1978, Raymond Hubbard found that "the vast majority of the literature" on gravity modeling and retail trade areas still utilized "objective distance data," rather than drive times partly because distance data was easily available, but drive times were not available in any readily useable format. The use of distance, rather than drive time, has been almost universal in the



casino industry's gravity models, but the difference between distance and drive time can be significant in various geographies that are not flat, where the width and quality of roads is not consistent, where weather can be a factor, and where urban congestion or other choke points can significantly alter the relationship between distance and drive time. However, the lack of available data on drive times is a technical problem that should largely have been eliminated by the introduction of computer and internet programs, such as MapPoint, Google Maps, Yahoo Maps, Map Quest, Free Mileage Calculator, and other programs that have made drive-time data easily accessible for incorporation into gravity models.

Third, while Reilly accounted for differences of population, he did not account for differences of income. Yet, as early as 1958, Ferber's (1958, 303) consumer behavior research, which was based on Reilly's Law had found that "income is a major factor influencing variations in per capita retail sales between cities for most categories of sales." Similarly, Bucklin (1967b, 42) found but that consumer perceptions about the value mass imparts vary considerably" among consumers depending on the motivation of consumers. In particular, he found that mass had a higher attraction (force) for those with higher incomes, since these consumer cohorts were willing to travel farther to a primary retail center to obtain the benefits of retail mass, while secondary centers held a greater attraction for those seeking convenience, and tertiary centers (i.e., small out of the way stores) were more likely to attract price conscious consumers. Thus, subsequent research has found that mass and income are two factors that will interact to promote "excess travel behavior" (Hubbard 1978, 8-10). This is not only because a larger mass exerts more gravitational force on consumers, but because "those individuals showing evidence of higher income levels are more readily able to bear the costs involved in shopping around, and therefore tend to travel greater distances in the journey to consume" (Hubbard 1978, 9; for example, McAnally 1965; Schiller 1972). Thus, a larger and more attractive retail facility increases the likelihood that higher income consumers will travel distances in excess of those that are theoretically justified (Hubbard 1978, 9). By the late 1960s, consumer behavior surveys were documenting that the nearest center postulate "provided an inadequate description of consumer movements" and that large numbers of consumers deviated from what was defined as "spatially lawful behavior" (Golledge et al 1966; Rushton et al. 1967; Hubbard 1978, 3-4). This is particularly important to gravity modeling in the casino industry, where surveys have documented that the individuals who patronize destination resort casinos, in particular, have incomes higher than the median income of its host jurisdiction (AGA, 2013; Barrow and Borges 2013b).

Finally, David L. Huff (1961, 84) identified another significant limitation to the application of Reilly's Law, which is that "the calculation of breaking points to delimit a retail trade area conveys an impression that a trading area is a fixed boundary circumscribing the market potential of a retail facility, when in fact there is an exponential distance decay factor of declining retail attraction within the trade area, as well as interpenetration and overlap between designated market areas." This problem had been identified earlier in the development of gravity modeling by scholars, such as Edna Douglas, who had mapped trade areas based on actual consumer origins, rather than distance postulates. Huff (1961, 490) built on this work, but was more emphatic in stating that trading areas do not have hard boundaries, but shade off into another and, therefore, "probabilistic models are appropriate measures of this process." Thus, Huff proposed that breaking points be replaced by "exponents," which are the statistical units that capture and measure the distance decay factor in





terms of the probability that an individual consumer will choose to patronize a specified facility. This does not mean that the breaking point formula is irrelevant, but that it defines the 0.50 probabilistic contour or the point up to which a customer has a greater or less than fifty percent (50%) probability of selecting one facility over another. The lines demarcating or connecting the geographical units with comparable decay factors on a map are called "probability contours" instead of market boundaries, because they delimit the statistical probability that individuals will select a particular trading area or facility.

The "most obvious deficiency" in the application of this principle at the time was "the lack of direct information on the actual spatial movements and expenditures of individuals" (Colledge et al., 1966, 261). This difficult has largely been removed in the casino industry where the annual Harrah's (2006) surveys of "propensity to gamble" – now conducted by the American Gaming Association (2007-2013) – has provided reliable data at the state level. The development of sophisticated players' club databases, hotel guest databases, and daily headcounts by casinos have perhaps made the industry a leader in this area, particularly as this proprietary information is often provided to consultants, who can then develop more elaborate models based on actual player origins and gaming behavior (e.g., spend per visit).

The Huff model, which was first articulated in two articles published in 1963 and 1964, incorporated these four modifications to Reilly's Law to construct an alternative model of retail gravitation based on consumer behavior theory and goods theory, rather than central place theory. In Huff's 1963 (87-88) article, he walks the reader through a seven step process for constructing a gravity model that incorporates drive times and that maps trade areas based on exponential decay factors, the actual population residing within these probabilistic contours, and the average household income of the households residing within each contour of the map.

The seven-step process for constructing a Huff models is as follows:

1. "Divide the area surrounding any existing or proposed shopping center into small statistical units. These units could be Census enumeration districts.
2. Determine the square footage of retail selling space of all shopping centers included within the area of analysis.
3. Ascertain the travel time involved in getting from a particular statistical unit to each of the specified shopping centers.
4. Calculate the probability of consumers in each of the statistical units going to the particular shopping center under investigation for a given product purchase.
5. Map the trading area of the shopping center in question by drawing lines connecting all statistical units having like probabilities.
6. Calculate the number of households within each of the statistical units. Then, multiply each of these figures by their appropriate probability values to determine the expected number of consumers (expressed in households) who will patronize the shopping center in question for a particular product purchase.
7. Determine the annual average per household incomes of each of the statistic units. Compare such figures to corresponding annual household budget expenditures in order to determine the average expected amounts spent by such families on various classes of products, e.g.,



clothing and furniture. Estimate *annual sales* for the shopping center under investigation by multiplying each of the product budget figures by expected number of consumers from each statistical unit who are expected to patronize the shopping center in question. Then, sum these individual estimates to arrive at a total annual sales potential by product class for the selected shopping center" (Huff 1963, 87-88).

With respect to Step 6: Huff (1963, 87) notes that "in addition to the likelihood [propensity] of consumers from various statistical units patronizing a proposed shopping center, it is necessary to know the *expected number* of such consumers from each of the units. For example, it might be that a given contour possesses a high probability value but the consumers within its confines may be few in number" and, therefore, provide few customers and little revenue to the proposed facility. Similarly, with respect to Step 7, Huff (1963, 88) observes that "in terms of purchasing potential, another contour possessing a much smaller expected number of consumers may have a greater disposable income level and thus greater purchasing potential."

A formal expression of the Huff (1964, 36) model is:

(Equation 2)

$$P_{ij} = \frac{S_j}{\sum_{j=1}^n \frac{S_j}{T_{ij}^\Delta}}$$

- Where:  $P_{ij}$  = the probability of a consumer at a given point of origin traveling to a particular shopping center  $j$   
 $S_j$  = the size of a shopping center  $j$  (measured in terms of the square footage of selling area devoted to the sale of a particular class of goods);  
 $T_{ij}$  = the travel time involved in getting from a consumer's travel base  $i$  to a given shopping center  $j$ ; and  
 $\Delta$  = a parameter which is to be estimated empirically to reflect the effect of travel time on various kinds of shopping trips.

As Huff (1964, 36) described it, the *expected* number of consumers at a given place of origin  $i$  that shop at a particular shopping center  $j$  is equal to the number of consumers at  $i$  multiplied by the probability that a consumer at  $i$  will select  $j$  for shopping.

That is:

(Equation 3)

$$E_{ij} = P_{ij} * C_i$$



Where  $E_{ij}$  = the expected number of consumers at  $i$  that are likely to travel to shopping center  $j$ ; and  
 $C_i$  = the number of consumers at  $i$ .

Huff (1964, 36) noted that his model "resembles the original model formulated by Reilly," but he argued that it differed from Reilly's Law of Retail Gravitation "in several important respects." The most important theoretical difference is that Huff's (1964, 36-37) model was not a "contrived formulation" designed *post-hoc* to describe observed empirical regularities, but "a theoretical abstraction of consumer spatial behavior." As a result, real data including population, average household income, square footage, drive times, and propensity factors can be used in mathematical calculations to deduce probabilistic conclusions about the number of consumers and the spend per consumer that can be predicted for a particular type and size of retail facility.

### Gravity Models and Casino Gaming

In 1988, the federal government passed the Indian Gaming Regulatory Act (IGRA), which established the legal framework for the expansion of tribal gaming across the United States (Rand and Light 2006). Subsequently, nine states legalized commercial casinos, including South Dakota (1989), Iowa (1989), Colorado (1990), Illinois (1990), Mississippi (1990), Louisiana (1991), Missouri (1993), Indiana (1993), and Michigan (1996). John Williams (1997) correctly argued at the time that one of the main areas of future research in the emerging field of gambling studies would be patronage and revenue forecasts. Williams (1997, 402-403) did not elaborate the details of how this research would be conducted, but he did observe that specific data points would have to be incorporated into future visitation and revenue models, including population, demographics, and disposable personal income.

As noted earlier, there has been almost no academic literature on gravity modeling in the casino industry since that time, although a number of private consulting firms have developed proprietary gravity models. In these gravity models, the exponents were originally operationalized as counties, although as greater sophistication was introduced into the models, it became possible to use towns and cities, zip codes, census county divisions, or census blocks as the geographic units for population and income. The geographical units might vary depending on the political jurisdictions in different parts of the country or the availability of commercial databases (e.g., Claritas).

Likewise, official government data on disposable personal income, per capita income, and average household income for these units of analysis has become more easily available as a result of CD-ROMs, the internet, and the commercial repackaging of public data. Spreadsheet programs, a user-friendly Statistical Package for Social Sciences (SPSS), and other statistical software packages, coupled with rapid developments in personal computing power have made it possible to construct gravity models with tens of thousands of individual data points that can be linked together in mathematical formulas. Expectations about spend per visitor and the propensity to gamble are now based on surveys, data from comparable existing casinos, data from comparable casino jurisdictions, and proprietary consultant databases constructed through many years of access to casinos' players' clubs and other databases. Consequently, a casino's ability to attract visitations and spending can be reliably estimated using gravity models, which incorporate data on the number of people living at



different distances from the casino. However, we want to suggest that some important modifications to these models could improve their performance and may be necessary going forward in the industry. The function and complexity of gravity models in the casino industry has undergone at least three phases of development, with the most recent phase requiring that we reconsider how measure the gravity factor – or mass – of casinos.

The first phase of gravity modeling in the casino industry was the period of its greatest expansion (1976-2005), beginning with the opening of casinos in Atlantic City and culminating with the opening of three commercial casinos in Detroit, Michigan. During this phase, casinos were opening in new jurisdictions, often with limited entry restrictions designed to protect new operators, so gravity models were comparatively simple efforts to measure the potential revenue that would be captured by casinos, including the percentage of revenues and visitors that would be captured from out-of-state or out-of-region visitors (Eadington 1995, 1998; Hsu 1999, Chaps. 5-8; Walker 2007, Chap. 2-4; Meister, Rand, and Light 2009). The second phase of gravity modeling has revolved around late entrants to the expanded gaming movement, such as New York, Pennsylvania, Delaware, Maryland, Massachusetts, Maine, and Ohio (2005 -2012), where gravity modeling has focused more on the ability of local or regional facilities to recapture visitors and revenues (Barrow and Borges 2010; Dense and Barrow 2003; McGowan 2009). This has meant that location and mass have become more important to estimating a casino's probability of "success" in the political terms that now structure expanded gaming debates. It also means that gravity models have become increasingly complex, or confronted with increasing difficulties in measuring the comparative impact of different facilities in a congested market area.

Moreover, as expanded gaming debates have shifted from capturing revenues from adjacent states to recapturing revenues being lost to adjacent states, it has raised an additional question for gravity modelers: What types and size of gaming facilities (i.e., mass) are necessary to effectively compete with existing gaming facilities in adjacent states, particularly if the objective is to generate a new destination as opposed to merely recapturing local convenience gamblers. This has juxtaposed the question of using multiple small convenience facilities taxed at high rates to capture convenience gamblers (e.g., Pennsylvania) against the construction of resort casinos designed to generate new destinations and bolster the larger tourism and hospitality industry (e.g., Massachusetts). Finally, it appears that gravity modeling is about to enter a third phase of development as expanded gaming reaches maturity, but new market entrants either seek to enter saturated or nearly saturated markets at lower operating margins or they seek to displace existing venues by constructing more elaborate facilities with a higher gravity factor. This debate is already surfacing in a number of U.S. jurisdictions and it means that the problem of measuring "mass" is becoming even more important in the construction of gravity models for the casino industry.



## **Testimony in opposition to SB 113**

**Lynn Kilchenstein, Capitol Center for the Arts Board Executive Committee Representative;  
40-Year Educator, Concerned Citizen**

The Capitol Center for the Arts, a 1300 seat non-profit performing arts center on Main Street in Concord, has been a catalyst of renewal for the City since 1995, when the former Capitol Theatre reopened after hundreds of local citizens contributed countless hours of work, money and expertise. Annually, approximately 80,000 people come through the Capitol Center door to enjoy a show, community event, business meeting, or reception. The CCA and all the new growth on South Main Street have breathed new energy into the city, its streets, restaurants, and downtown businesses. Those of us associated with nonprofit performing arts centers fear that this economic and community vitality is again under threat with the proposal to bring two full-service casinos to New Hampshire.

The Capitol Center for the Arts appreciates that SB 113 acknowledges that NH casinos would have a negative impact on nonprofit live entertainment venues in New Hampshire. However, although that Bill requires casino license applicants to develop mitigation agreements with impacted live entertainment venues to address issues such as exclusivity, scheduling, and cross marketing, the bill did not provide meaningful protection for nonprofit performing arts centers in the state for these reasons:

- Casinos, with their deep pockets can and do outbid nonprofit performing arts centers for headliner talent and then use that entertainer as a loss leader to pull people into the casino, where the ultimate goal is to get people to gamble. In fact, in the casino business model, profit is based on slot machine gambling. None of the provisions in the bill address the competitive advantage casinos have in booking talent; nor can it, as artists and their agents have the ultimate power to choose where they perform; everyone in the booking business knows artists will choose the venue with the larger fee every time.
- The Bill asks small nonprofits with limited staff (many of whom are volunteers), legal counsel, and financial resources to negotiate with large, well-financed businesses in the gaming industry. Again, the non-profits have very little bargaining leverage in this situation.

Headliner performers such as Lily Tomlin, Jackson Brown, Celtic Tenors, Paula Poundstone, Boz Scaggs, Steven Wright, Michael Feinstein, Lyle Lovett, John Hyatt, and Kenny Rogers (on the CCA roster the past two years) are critical to non-profit presenters as most must earn 60-75% of their revenue from shows.

The small but critical profits made from shows with well-known artists support the other artistic and educational programming central to our mission to serve the entire community including children and other underserved audiences. The mix of earned and contributed revenues that nonprofit presenters must raise every year is extremely challenging.

Senate Bill 113 has the potential to dismantle a significant segment of the state's cultural life. There is a very real threat that casinos will tip the scales so much that non-profit presenters' business models across the State will be unsustainable. In New Hampshire there are four major centers – the Capitol Center for the Arts in Concord, the Lebanon Opera House, the Colonial Theatre in Keene, and the Music Hall in Portsmouth. All of these breathe life into their communities, offering a myriad of choices for bringing people together and for generating local revenue. These centers are part of the fabric of their communities. They represent local people planning local entertainment and sending dollars into the local restaurants, hotels, and other businesses.

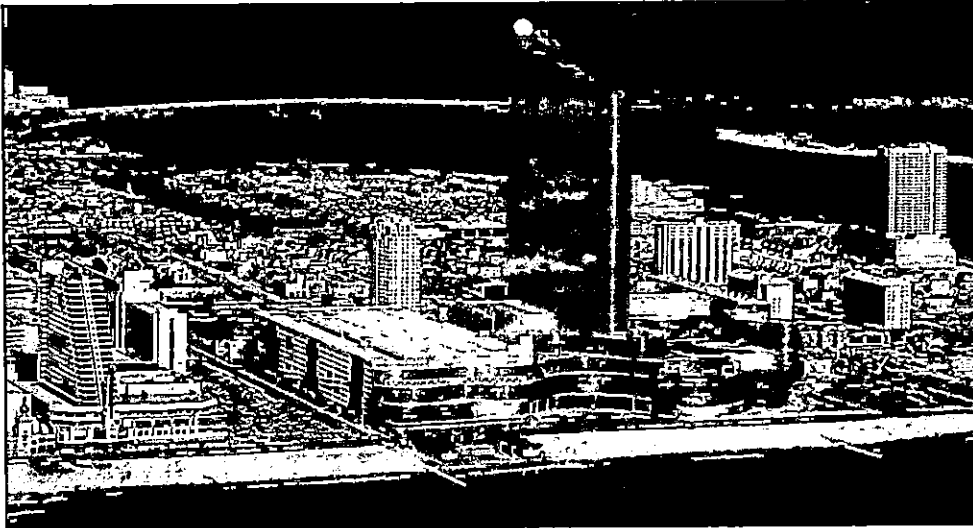
Casinos have been proposed as a means to providing funding for education, highways, and human service programs as well as to provide local jobs. Figures and promises by the casino industry suggest that this industry can solve multiple funding and employment challenges. On the contrary, as the title of an online (August 7, 2014) *Atlantic* article title states, "A Good Way to Wreck a Local Economy: Build Casinos." Given the mounting evidence that the market in New England is already saturated and casino revenues have been declining across the country, the revenue projections for NH seem significantly unrealistic. In the State of Delaware, for instance, the casinos have generated the lowest revenue since 2000, and they are complaining that their State tax share is far too great. One racetrack/casino, Dover Downs, complains that it has exhausted three bank deals, carries a \$60 million debt, and that it cannot produce enough revenue to pay its State taxes. Nearly \$46 million dollars to help "stabilize" Delaware's three casinos was recently recommended by a study panel in the Delaware Legislature. If approved, the total amount allocated by Delaware to support casinos will total \$63.5 million over three years.

The casino industry, in addition to the many social problems it brings, particularly to the elderly and the lower income population segments, voraciously sucks dry local restaurants, hotels, and cultural centers, then seeks public funding for support. The Capitol Center for the Arts Board asks you to vote against SB113 and all other bills that bring casino gambling to New Hampshire.

Thank you for your time and consideration.

Lynn Kilchenstein, representing the Capitol Center for the Arts Board

**THE NORTHEASTERN CASINO GAMING  
MARKET:  
A SATURATION ANALYSIS**



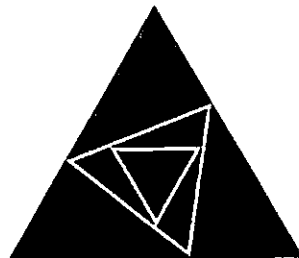
**Prepared**

**by**

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**for**

**THE NORTHEASTERN GAMING RESEARCH PROJECT**



**FEBRUARY 2015**

## **EXECUTIVE SUMMARY**

The purpose of this report is to bring some simple facts to bear on two questions at the center of the casino saturation debate as they are now frequently raised by public officials, gaming policy critics, and in media headlines:

- Is the casino gaming industry collapsing?
- Is the Northeastern casino gaming market saturated?

### ***No Longer Recession Proof, but Hardly Collapsing***

Based largely on the previous experience of Las Vegas and Atlantic City, many analysts had come to view the casino industry as recession proof or at least as recession resistant. Until 2008, Las Vegas and Atlantic City had seen gambling revenues fall only once since 1970 – in the aftermath of the September 11, 2001 terrorist attacks – when gaming revenues dropped 1 percent in 2002 as compared to 2001.

In contrast to the exaggerated headlines predicting a collapse of the casino gaming industry, it is more accurate to say that the industry is maturing as a result of growth and increased competition:

- Gross gaming revenue at commercial casinos in the United States reached \$37.5 billion in Calendar Year 2007 – the last peak in the U.S. business cycle – and gross gaming revenue at commercial casinos fell to \$34.3 billion (-8.6%) in CY 2009, which includes the trough quarters in U.S. GDP that marked the bottom of the Great Recession.
- Since that time, gross gaming revenue at U.S. commercial casinos has recovered to \$38.7 billion (+12.8%) and has exceeded its previous CY 2007 peak in the last two calendar years.
- Thus, on the national level, gross gaming revenue at commercial casinos began a two-year 8.6% decline (2008-2009), which coincided with the worst years of the Great Recession, followed by a five-year 12.8% recovery in gross gaming revenue (2010-2014).

This is not a pattern that defines a collapsing industry, but it does illustrate that casino gaming is no longer recession proof. As casinos evolve into local and regional entertainment venues with an array of non-gaming amenities, and as gaming itself increasingly takes on the characteristics of a commodity, it will be subject to the same macro-economic factors as any other consumer retail or service industry. However, analysts should not confuse normal revenue declines related to the business cycle with a structural collapse of the industry.



### *The Rumors of Saturation are Greatly Exaggerated*

The rapid and continuing expansion of gaming supply in the Northeast has made market saturation a salient point of public policy debate in many state legislatures and the media. In simple terms, saturation is the point where supply and demand are in equilibrium. In the gaming industry, this point should become evident when new supply does not generate additional gross gaming revenue. However, even in a state of equilibrium, existing suppliers may still be displaced by new suppliers, who offer a more competitive and up-to-date gaming products and who offer gaming in more strategic locations; namely, locations that are underserved in the broader market, or that are located closer to population centers than competing gaming facilities.

One measure of potential saturation and the propensity to gamble is the percentage of disposable personal income that is spent on particular forms of gaming:

- In 2006, at the peak of the U.S. casino gaming market, Americans spent 0.616% of their disposable personal income on all forms of casino gambling, including commercial casinos, racetrack casinos, video lottery terminals, Class III Indian casinos, and card rooms offering poker and blackjack.
- By 2009, at the trough of the Great Recession, the ratio of DPI spent on casino gambling had fallen to 0.540%.

These figures provide an aggregate range for what one might anticipate in the future as the casino industry more closely tracks the business cycle and, therefore, provides one basis for analyzing potential saturation in the Northeastern gaming market.

- Gross gaming revenue in the Northeast, including both Indian and commercial gaming follow the same trend as GGR nationally. Gross gaming revenue troughed \$12.3 billion in CY 2009 – the same year as the trough of the Great Recession – and then began a recovery in CY 2010 (\$12.3 billion) that reached \$14.7 billion in CY 2014.
- Thus, gross gaming revenue in the Northeast actually increased by \$2.4 billion (+19.5%) from CY 2008 to CY 2014.
- During this same period, disposable personal income in the Northeast increased by \$358 billion -- from just under \$3.0 trillion in CY 2008 to \$3.4 trillion in CY 2014. This means that at an average propensity to gamble of 0.54% (a recessionary level), a simple gravity model would forecast that gross gaming revenue would have increased in the Northeast by \$1.8 billion, when in fact it increased by \$2.4 billion.
- In other words, the Northeastern gaming market performed at an above average level for recessionary conditions – not at a crisis level – by continuing to grow in tandem with the growth in disposable personal income.

- Expenditures on casino gaming in the Northeast actually consumed only 0.43% of disposable personal income in CY 2008 and 0.43% of disposable personal income in CY 2014.
- Thus, the ratio of income spent on casino gambling by casino patrons in the Northeast has remained constant at various stages of the current business cycle (peak to trough to recovery), although it still remains below the national recessionary average of 0.54% of DPI reached in 2009. It is even further below the peak national average of 0.62% reached in 2006.
- If the Northeastern gaming market was to perform at a level comparable to the current national average (0.54%), a simple gravity model would forecast CY 2014 gross gaming revenue of \$18.4 billion as compared to the actual figure of \$14.7 billion.
- Should the Northeastern gaming market ever perform at the average peak U.S. level established in 2006, then one could expect gross gaming revenue of \$20.9 billion in the Northeast.
- Consequently, even under a long-term recessionary scenario, with reduced spending on casino gambling, one can still anticipate new organic growth in the Northeastern casino gaming market (i.e., population and income growth), as well as new demand stimulated by additional supply near major urban centers.

#### *What Does This Mean for New Hampshire?*

The opponents of expanded gaming in New Hampshire are calling for an “independent study” of expanded gaming on the premise that the licensing of a major resort casino in Everett, Massachusetts will saturate the New England gaming market and that its presence will change earlier projections for jobs and tax revenues in the Granite State. In fact, several independent studies of the potential New Hampshire gaming market have already been conducted and each of these studies already incorporates the assumption that Massachusetts would license at least a \$1 billion casino in either Everett, Massachusetts or Revere, Massachusetts. For example:

- The Center for Policy Analysis (CFPA) at the University of Massachusetts Dartmouth constructed a gravity model in 2009 that estimated the potential economic and fiscal impact of a southern New Hampshire casino with a \$300 million capital investment, 4,000 slot machines, 100 table games, and a medium-sized hotel (300 rooms).
- It was estimated that the Greater Boston market area, which includes southern New Hampshire and southern Maine had the potential to generate up to \$1.6 billion in annual gross gaming revenues within five years.
- The CFPA report concluded at the time that a southern New Hampshire casino would generate \$531,805,000 in gross gaming revenues at operational maturity. Much of this revenue would be recaptured from New Hampshire residents that would otherwise travel to Connecticut, Maine, Massachusetts, or Rhode Island to

gamble, and it was estimated that 80% of this gaming revenue would come from out-of-state residents (i.e., primarily northeastern Massachusetts).

- In 2013, the Center for Policy Analysis revised its gravity model to incorporate the impact of the Great Recession on the regional propensity to gamble, the opening of Oxford Casino in Maine, the addition of table games at Twin River in Rhode Island, and the upscaling of proposals for a resort casino in the Greater Boston area. The results of this revised gravity model were shared with the New Hampshire General Court in early 2013 and, under this revised scenario, the CFPA gravity model estimated a southern New Hampshire casino with a \$300 million capital investment (exclusive of land and license) would generate \$413 million annually in gross gaming revenue.

In response to repeated proposals for expanded gaming in New Hampshire, Governor John H. Lynch created the New Hampshire Gaming Study Commission by Executive Order to conduct “a thorough and comprehensive review of various models for expanded gaming and their potential to generate state revenues, as well as an assessment of the social, economic, and public safety impacts of gaming options on the quality of life in New Hampshire”:

- The New Hampshire Gaming Study Commission’s overall conclusion was that “New Hampshire will support a market for people who want to gamble, especially at facilities located in the southern part of the state.”
- The NHCPP model estimated that a southern New Hampshire casino with a \$500 capital investment would generate \$422 million in gross gaming revenue with a large resort casino in Everett or Revere, Massachusetts.

In 2013, the New Hampshire General Court established the New Hampshire Gaming Regulatory Oversight Authority to develop a “comprehensive approach to existing and expanded gaming,” including a regulatory structure and financial projections. The Authority retained WhiteSand Gaming, a nationally respected gaming consultant, which submitted a report to the Authority on November 15, 2013.

- This study, which also incorporates the assumption that Massachusetts will build a casino in either Everett or Revere, estimates that a southern New Hampshire casino will generate \$397.9 million in gross gaming revenue (Year 5) based on the highest viable tax rates.

Thus, the three most recent estimates of gross gaming revenue for a southern New Hampshire casino vary by only 5.7% from the highest estimate to the lowest estimate and each of these models incorporates the assumption that Massachusetts will build a large resort casino near Boston.

Finally, the planned Wynn Everett casino site is inconveniently located for many Massachusetts residents living in the planned casino’s primary (0-60 minutes) and secondary (61-120 minutes) market area. Everett, Massachusetts is a 40 minute drive from Salem, New Hampshire (under favorable driving conditions), which means that even after a Wynn casino is constructed in Everett, there are large caches of potential customers for a southern New Hampshire casino,

who live in northern and northeastern Massachusetts, as well as southern Maine. A southern New Hampshire casino also has the potential to recapture Granite State gamblers, who are currently traveling to Connecticut, Rhode Island, and Maine.

The recent headlines in the state's newspapers read as if New Hampshire's public officials have never studied the question of expanded gaming and as if no one anticipated the building of a casino in Massachusetts. The headlines are just wrong!

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## 1.00 PURPOSE OF THE REPORT

The voters of New Jersey authorized legalized casino gambling in Atlantic City in 1976 and its first casino – Resorts – opened in 1978. The steady expansion of casino gambling in Atlantic City over the next two decades made it the United States' second largest commercial gambling venue behind Las Vegas.<sup>1</sup> Atlantic City reached its peak as a gambling capital in 2006, when it hosted 12 casinos that generated \$5.2 billion in gross gaming revenues (GGR).<sup>2</sup>

However, by mid-September of 2014, one-third of Atlantic City's 12 casinos had shuttered their doors,<sup>3</sup> including the \$2.4 billion Revel, which was hailed by many public officials and gaming industry leaders as the beginning of a rebirth for Atlantic City's faltering fortunes (Kramer 2014).<sup>4</sup> The casino closures are a direct result of declining gross gaming revenues, which fell from \$5.2 billion in FY 2006 to \$2.9 billion (-44.2%) in FY 2013, and for some individual casinos the precipitous decline in GGR was even more dramatic. The gaming revenue declines and consequent casino closures have resulted in 9,000 lost casino and hospitality jobs (Hoa 2014).

Not surprisingly, media accounts now regularly refer to Atlantic City as the East Coast's "faded gambling mecca" (Hurdle 2014). In fact, the resulting newspaper headlines read like an obituary page for the Northeastern casino gaming industry:<sup>5</sup>

- "Death of Atlantic City Casinos" (Hoa 2014),
- "Showboat Casino Closes Amid Tears and Questions About Atlantic City's Direction" (*New York Times*, 8-31-2014),
- "N.J. Casino Woes" (*Boston Globe*, 9-1-2014),
- "Casino Gambling: Any Hope Has Faded" (*Foster's Daily Democrat*, 8-19-2014),
- "Casinos: Nothing But Trouble" (*Manchester Union-Leader*, 8-11-2014),
- "Death of Atlantic City Casinos Could Be Omen for N.Y." (*Lower Hudson Valley Journal News*, 8-29-2014),
- "U.S. Casino Industry in the Midst of Collapse" (*Portsmouth Herald*, 7-29-2014),
- "America's Casino Saturation Problem" (Wolfson 2014).

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<sup>1</sup> In 2012, Pennsylvania surpassed New Jersey to become the nation's second largest commercial gambling jurisdiction based on gross gaming revenues.

<sup>2</sup> Atlantic City Hilton (renamed the Atlantic Club), Bally's Park Place, Borgata, Caesar's Atlantic City, Harrah's Atlantic City, Resorts, Sands (later demolished), Showboat, Tropicana, Trump Marina (renamed Golden Nugget), Trump Plaza, and Trump Taj Mahal, New Jersey Casino Control Commission, "Financial and Statistical Information," Available at <http://www.nj.gov/oag/ge/financialandstatisticalinfo.html>

<sup>3</sup> Atlantic Club, Revel, Showboat, and Trump Plaza.

<sup>4</sup> One media account of the Revel's closing states that "Revel, once thought to be the Boardwalk's best and brightest, became perhaps its greatest failure," see Kramer (2014).

<sup>5</sup> The Northeastern Gaming Research Project defines the Northeastern gaming market as casinos located in New England (i.e., Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island), the Mid-Atlantic (i.e., Maryland, Delaware, West Virginia, New Jersey, Pennsylvania, and New York), and Ohio (which competes for customers with Pennsylvania, West Virginia, and New York).



The dour news on casinos in the Northeastern media has not been confined to New Jersey as the same contagion has spread to Connecticut's two behemoth Indian casinos – Foxwoods Resort Casino and Mohegan Sun Casino. At their 2006 peak, Connecticut's Indian casinos were the two largest resort casinos in the world based on the number of gaming positions, gross gaming revenue, and total revenue (Barrow and Borges 2007).<sup>6</sup> However, New England media outlets now rightly report that there is "More Financial Trouble at Foxwoods" (Kostrzewa 2014). The Mashantucket Pequot Tribe, which owns Foxwoods Resort Casino, reports that a sluggish economic recovery and increasing competition in the Northeast is the explanation for Foxwoods' "failure to comply with certain financial covenants" in its credit facility (Journal Wire Services 2014).

Foxwoods's announcement came only one year after the Tribe had defaulted on a debt of \$2.3 billion and subsequently reached an agreement with lenders to exchange that debt for \$1.7 billion in new debt. However, the agreement reached in July of 2013 was based on a financial performance forecast that assumed "improved economic conditions and a leveling out of competitive factors" (Ibid.). In contrast, gross gaming revenue has been falling on a year-to-year basis since 2007, while the competition for gamblers in New England will actually increase as Massachusetts adds three destination resort casinos and a slot parlor and as New York builds three resort casinos.

Consequently, many gaming industry analysts predict that what happened to Atlantic City will also happen to Foxwoods and Mohegan Sun once Massachusetts and New York open new casinos and a slot parlor. For example, casino consultant Gary Green has suggested that Foxwoods Resorts Casino and Mohegan Sun Casino will be "completely cannibalized" by new casinos in Massachusetts (quoted in Arsenault 2014) and this claim is supported to some extent by the patron origin data collected by the Northeastern Gaming Research Project.<sup>7</sup>

At the same time, the troubles in Connecticut and New Jersey have led some industry observers to suggest that the "Bay State May Not Hit Promised Jackpot with Casinos" (Cassidy 2014), while elsewhere "N.Y. Casino Bidders Quizzed on Revenue in Saturated Market" (Klopott 2014). Donald Trump, the former owner of three Atlantic City casinos<sup>8</sup> has predicted that the "NY casino projects will 'all go down the tubes'" (2014).

The media focus on Atlantic City and Foxwoods Resort has ignited a debate about the future of the Northeastern casino gaming industry with critics claiming that planned expansions in Massachusetts and New York are doomed to fail (Arsenault 2014), and the on-going debates about gaming expansion in New Hampshire and Maine have skeptics pointing to Atlantic City to bolster claims about oversaturation and a declining regional industry. These critics describe Atlantic City as a harbinger of things to come throughout the Northeast as new supply generates ever stiffer competition in the gaming market.

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<sup>6</sup> In CY 2006, it is estimated that Foxwoods Resort Casino and Mohegan Sun Casino each generated approximately \$1.6 billion in total (gaming and non-gaming) revenue, see Barrow and Borges (2007).

<sup>7</sup> In CY 2012, Foxwoods drew 32% of its patrons from Massachusetts and 10% of its patrons from New York, while Mohegan Sun drew 19% of its patrons from Massachusetts and 13% of its patrons from New York, see Barrow and Borges (2013a, 23-24).

<sup>8</sup> Trump Marina, Trump Plaza, and Trump Taj Mahal.

Moreover, increased competition in the casino gaming industry comes at a time when many state economies remain sluggish with slow employment and income growth, while others argue that the casino gaming is a saturated market with no room for new growth.<sup>9</sup> Matt Dalton, the head of Belle Haven Investments in White Plains, New York has stated that the main challenge for the Northeastern gaming industry is “dealing with competition. The casinos that are going to be built now, they’re not all going to survive.”<sup>10</sup> As reported in the *Boston Globe* (09-01-2014), casino opponents “have seized upon Atlantic City’s troubles as a campaign issue, arguing the Northeast cannot support the abundance of casinos that already exist, so why build more?” (Arsenault 2014; Klopott 2014).

However, other investors, gaming analysts, and public officials believe there is more room for expansion in the Northeast depending on the number, location and type of new gaming facilities. For example, New York, Massachusetts, Philadelphia, southern New Hampshire, and Maine have been identified as planned or potential areas for new gaming expansion, partly on the premise that by offering attractive gaming facilities closer to major population centers (e.g., Albany, Boston, New York City, Philadelphia, Portland) local and regional gamblers who currently visit casinos in Connecticut and New Jersey can be induced to stay closer to home (Arsenault 2014). Many of the visits to these planned or proposed gaming facilities will come at the expense of legacy states, especially Connecticut and New Jersey, which entered the market early and enjoyed the rent-seeking benefits of a regional monopoly for more than three decades. However, even gaming expansion proponents argue that new facilities will need to offer a mix of convenience, state-of-the art slot machines, table games, and other entertainment and non-gaming amenities (e.g., golf courses, retail shopping, water parks, concert arenas, and dance clubs) to out-compete the existing facilities in these markets (MPBN News 2014, Hurdle 2014).

From this perspective, the events in New Jersey and Connecticut are merely a normal market shakeout that is typical of a maturing and competitive industry (Hurdle 2014).<sup>11</sup> For example, Israel Posner, an expert on Atlantic City and director of the Levenson Institute of Gaming, Hospitality, and Tourism at Richard Stockton College of New Jersey, observes that after a decade of gaming expansion in the Mid-Atlantic region, Atlantic City now “has roughly 45 percent of the region’s casinos, and gets roughly 45 of the revenue” (quoted in Arsenault 2014), which signals nothing more than the restoration of equilibrium in an expanding and competitive market.<sup>12</sup> In this vein, Robert Shore of Union Gaming Group has suggested that

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<sup>9</sup> Roger Gros, publisher of *Global Gaming Business Magazine*, quoted in Hoa (2014).

<sup>10</sup> Quoted in Hoa (2014).

<sup>11</sup> One might compare the casino industry to the retail trade, airline, and automobile industries as comparative case studies. While individual companies have failed to survive national and global shakeouts, the end result is a modernized, innovative, and healthier industry. For example, while the Detroit automobile industry and other rust belt cities have witnessed calamitous declines in production and employment, the industry has not so much declined as shifted its production to southern states that have induced these businesses to move away from historical or legacy manufacturing centers in the Midwest and Northeast.

<sup>12</sup> Posner is using a form of “fair share analysis,” which is a widely accepted method for comparing a casino’s performance to its competitors in a local or regional market. Fair share analysis compares the gross gaming revenues (GGR) a casino should capture in a local or regional market based on its percentage of the total gaming positions in that market. If a casino has 25% of the total gaming positions in a market then its “fair share” of GGR is 25% of the total GGR generated in that market. If it actually captures 25% of total GGR then it has captured 100% of its fair share. Posner is arguing that Atlantic City is capturing its fair share of the Mid-Atlantic gaming market based on its current configuration and the additional of new supply. Thus, officials at Caesars Entertainment, Inc., which owns 3 of the remaining 8 casinos in Atlantic City have stated their belief that “a reduction in supply [in Atlantic City] will buoy the three other casinos” that it still owns in that market, see Kramer (2014).

Atlantic City's woes actually "reflect the success of other areas like Maryland and Pennsylvania" (Cassidy 2014).

The purpose of this report is to bring some simple facts to bear on two questions at the center of the saturation debate as they frequently appear in media headlines:

- Is the casino gaming industry collapsing?
- Is the Northeastern casino gaming market saturated?

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**2.00 CASINO INDUSTRY NO LONGER RECESSION  
PROOF, BUT HARDLY COLLAPSING**

Casino gaming is classified as part of the U.S. economy's arts, amusement, and recreation sector (NAICS Code 71) and as part of its hospitality sector (NAICS Code 72 – Accommodation and Food Services) (Executive Office of the President 2012). Casino gaming in all its forms depends on discretionary consumer spending, which is one of the first types of spending that is restrained by consumers when they are uncertain about their jobs and income and it is also the last type of spending to be restored once an economic recovery is underway.

Based largely on the previous experience of Las Vegas and Atlantic City, many analysts had come to view the casino industry as recession proof or at least as recession resistant. Until 2008, Las Vegas and Atlantic City had seen gambling revenues fall only once since 1970 – in the aftermath of the September 11, 2001 terrorist attacks – when gaming revenues dropped 1 percent in 2002 as compared to 2001 (Freiss 2008). However, the United States economy essentially dropped off a cliff in calendar year 2008 to begin the longest and deepest recession since the Great Depression of the 1930s.

The National Bureau of Economic Research (NBER) Business Cycle Dating Committee defines a recession as “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators. A recession begins when the economy reaches a peak of activity and ends when the economy reaches its trough.”<sup>13</sup> The Business Cycle Dating Committee has determined that a peak in economic activity occurred in the United States in December 2007 (see Figure 1).<sup>14</sup> The NBER later determined that the Great Recession ended in June 2009. However, in declaring a technical end to the Great Recession, the NBER's Business Cycle Dating Committee also observed that:

“...in determining that a trough occurred in June 2009, the committee did not conclude that economic conditions since that month have been favorable or that the economy has returned to operating at normal capacity. Rather, the committee determined only that the recession ended and a recovery began in that month.”<sup>15</sup>

Not coincidentally, in 2008, gross gaming revenues began declining on a year-to-year basis in most casino jurisdictions (see Figure 2), including Nevada and New Jersey, although some new jurisdictions such as Maine, Pennsylvania, New York, and Rhode Island, continued to see gaming revenues increase on a year-to-year basis during this time. Overall, however, gross gaming revenue at commercial casinos in the United States reached a peak (\$37.5 billion) in Calendar Year 2007 – the last peak in the U.S. business cycle – and gross gaming revenue at commercial casinos bottomed out at \$34.3 billion (-8.6%) in CY 2009, which includes the trough quarters in U.S. GDP as defined by the NBER's Business Cycle Dating Committee (e.g., compare Figure 1 and Figure 2). Since that time, gross gaming revenue at U.S. commercial casinos has recovered to \$38.7 billion (+12.8%) and has exceeded its previous CY 2007 peak for the last two calendar years.

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<sup>13</sup> NBER Business Cycle Memo (December 11, 2008): “The committee believes that the two most reliable comprehensive estimates of aggregate domestic production are normally the quarterly estimate of real Gross Domestic Product and the quarterly estimate of real Gross Domestic Income, both produced by the Bureau of Economic Analysis. In concept, the two should be the same, because sales of products generate income for producers and workers equal to the value of the sales.”

<sup>14</sup> NBER Business Cycle Memo (Nov. 28, 2008): “The [dating] committee determined that a peak in economic activity occurred in the U.S. economy in December 2007.”

<sup>15</sup> NBER Business Cycle Memo (September 20, 2010) at <http://www.nber.org/cycles/sept2010.html>.

Figure 1

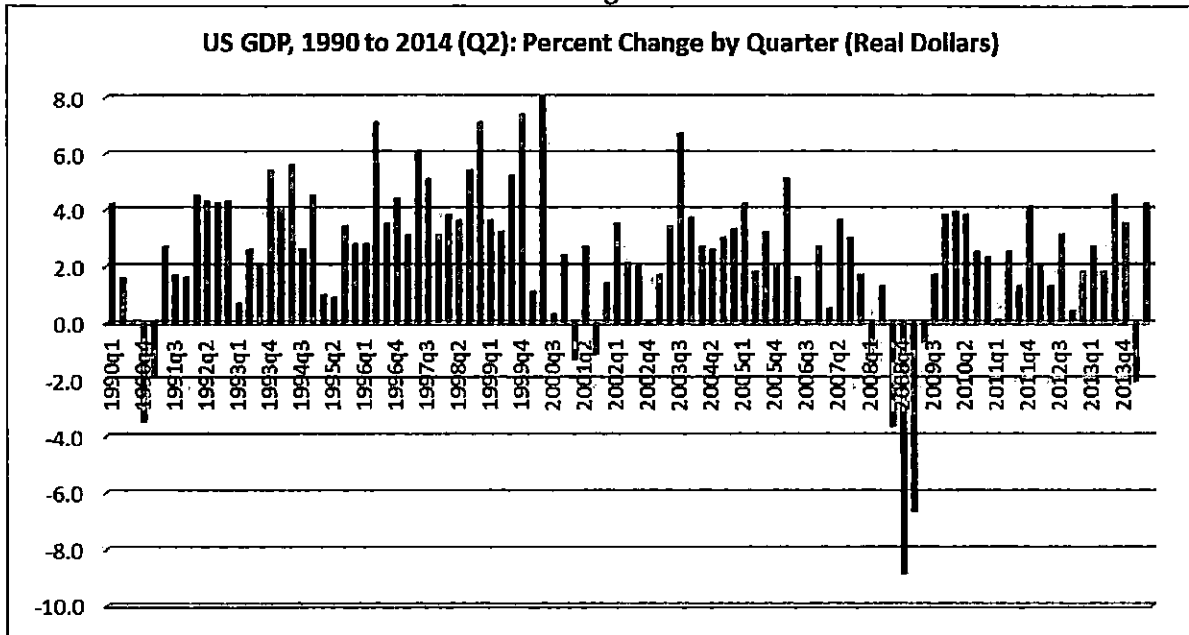
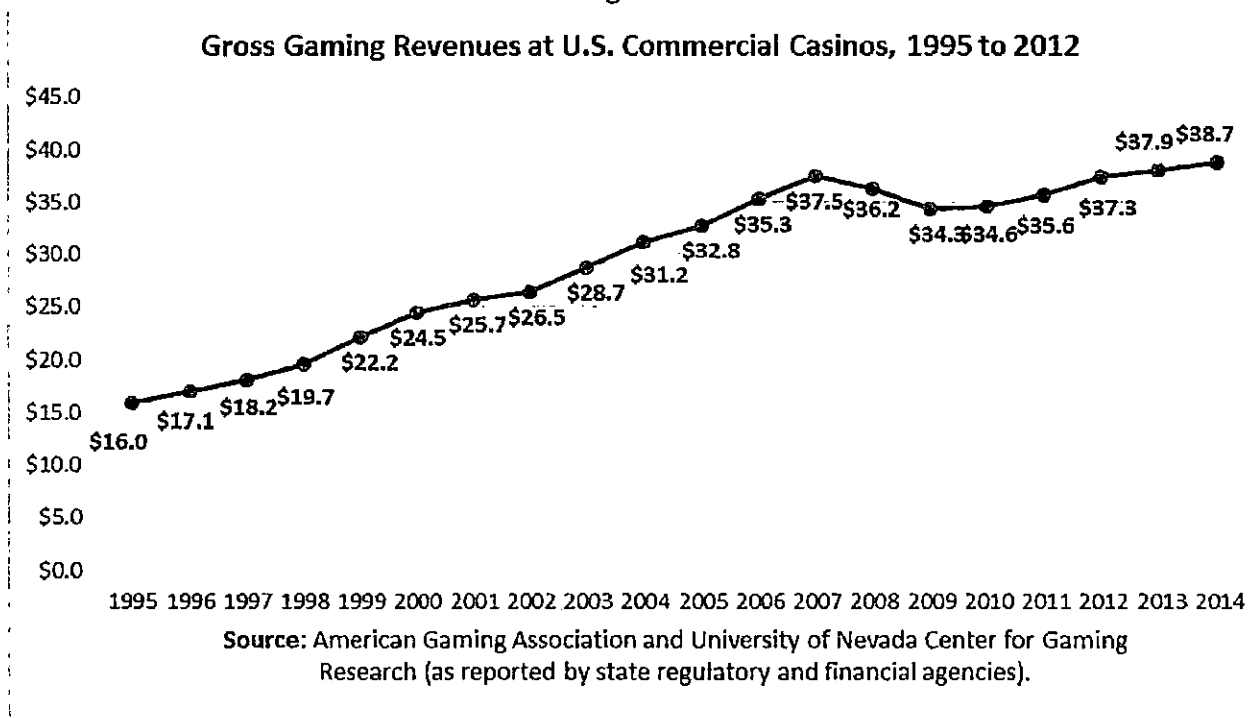


Figure 2



On the national level, gross gaming revenue at commercial casinos began a two-year 8.6% decline (2008-2009), which coincided with the worst years of the Great Recession, followed by a five-year 12.8% recovery in gross gaming revenue (2010-2014).<sup>16</sup> This is not a pattern that

<sup>16</sup> A similar pattern characterizes the Indian casino industry, see Meister (2007-2014).

defines a collapsing industry, but it does confirm that casino gaming is no longer recession proof.

As casinos evolve into local and regional entertainment venues with an array of non-gaming amenities, and as gaming itself increasingly takes on the characteristics of a commodity, it will be subject to the same macro-economic factors as any other consumer retail or service industry.<sup>17</sup> However, we should not confuse normal revenue related to the business cycle with a structural industry collapse. In contrast to the exaggerated headlines predicting a collapse of the casino gaming industry, it is more accurate to say that the industry is maturing as a result of growth and increased competition and, therefore, casino operators can no longer expect to capture the rents that accrue to oligopolies and monopolies.<sup>18</sup>

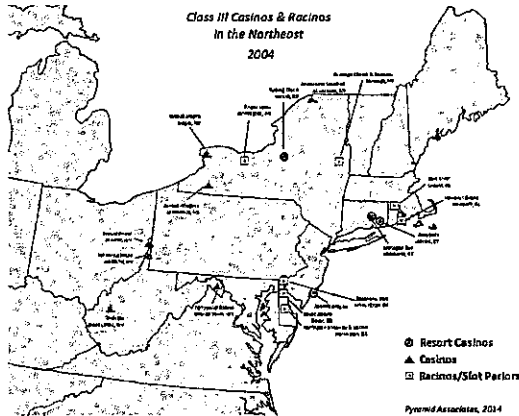
The robust growth, and the increase in competition among individual gaming facilities is visually illustrated in Figure 3 and Figure 4. In 2004, there were 29 Class III gaming facilities in the Northeast with 12 (41%) of them located in Atlantic City. The only significant competition for Atlantic City casinos were Foxwoods Resort Casino and Mohegan Sun Casino in Connecticut – roughly a 3 to 3 ½ drive from Atlantic City. There are now 64 Class III gaming establishments in the Northeast, which constitute a \$16.9 billion industry (see Table 1).

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<sup>17</sup> I have stated previously that “the level of competition will continue to escalate, because at this point, table games and slot machines are just like a commodity – like copper and aluminum,” quoted in Wittkowski (2013). This means that competitive advantage is shifting to the quality and diversity of offerings and even in Atlantic City non-gaming revenues have been increasing as gaming revenues fall, see, Kramer and Ianieri (2014).

<sup>18</sup> Monopolies are able to generate rents, which is defined as “excess income” received over the minimum amount necessary to justify an investment in the resource, operation, function, or activity, see Shim and Siegel (1995, 297). As an industry moves from monopoly to competition, profit levels will gravitate toward the minimum necessary to justify an investment in that operation as compared to some other alternative economic activity.

Figure 3



Class III Casinos & Racinos  
In the Northeast  
2014

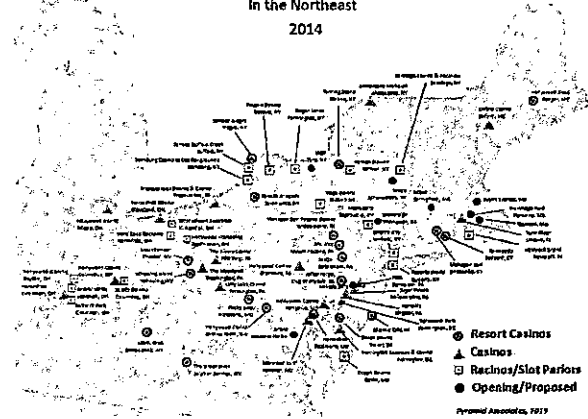


Figure 4

Table 1

TOTAL CASINO EXPENDITURES IN THE NORTHEAST, CY 2014					
	Slot Win	Other Gaming	Total Gaming	NonGaming	Gross Revenue
Connecticut	\$1,067,471,619	\$468,455,744	\$1,535,927,363	\$387,084,414	\$1,923,011,777
Rhode Island	\$510,999,169	\$98,928,174	\$609,927,343	\$57,333,170	\$667,260,513
Maine	\$104,778,626	\$22,491,002	\$127,269,628	\$10,690,649	\$137,960,277
Delaware	\$352,146,100	\$51,295,664	\$403,441,764	\$41,957,943	\$445,399,707
Maryland	\$628,794,028	\$302,288,990	\$931,083,018	\$107,074,547	\$1,038,157,565
New Jersey	\$1,874,715,209	\$708,217,702	\$2,582,932,911	\$896,277,720	\$3,479,210,631
New York (VLIS)	\$1,898,335,717	\$0	\$1,898,335,717	\$144,273,514	\$2,042,609,231
New York (Indian)	N/A	N/A	\$1,056,600,000	\$124,200,000	\$1,180,800,000
Ohio	\$1,148,068,043	\$273,801,869	\$1,421,869,912	\$147,874,471	\$1,569,744,383
Pennsylvania	\$2,319,534,380	\$749,507,225	\$3,069,041,605	\$288,489,911	\$3,357,531,516
West Virginia	\$947,000,314	\$143,322,083	\$1,090,322,397	\$103,580,628	\$1,193,903,025
<b>GRAND TOTAL</b>	<b>\$10,851,843,205</b>	<b>\$2,818,308,453</b>	<b>\$14,726,751,658</b>	<b>\$2,308,836,968</b>	<b>\$17,035,588,626</b>

Sources: State gaming regulatory commissions; Meister, *Indian Gaming Industry Report, 2011-2014*; U.S. SEC 10-K Filings; Pyramid Associates, LLC (2015).

Industry supply will inevitably continue to grow as Pennsylvania builds an additional casino in Philadelphia, New York builds three resort casinos in upstate and western New York, Massachusetts opens three resort casinos and a slot parlor, and Maryland add a casino in National Harbor. This means that by the end of calendar year 2017, it is entirely possible, if not likely, that there will be 75 Class III casinos in the Northeast, with many of the planned and proposed facilities located closer to major population and income centers (e.g., Baltimore, Boston, Philadelphia, New York City, and Washington, D.C.).



### **3.00 LET THERE BE SATURATION!**

The rapid and continuing expansion of gaming supply in the Northeast has made market saturation a salient point of public policy debate in many state legislatures and the media. In fact, the real debate should not be about saturation, but about the question of oversaturation. Market saturation is defined as “the point of a product life cycle where the market has been completely filled so that no more sales for goods and services can be taken up” by additional supply or by new producers (Shim and Seigel 1995, 306). In simple terms, saturation is the point where supply and demand are in equilibrium. In the gaming industry, this point should become evident when new supply does not generate additional gross gaming revenue, but even then new suppliers will still try to enter the market if they are willing (and able) to accept lower operating and profit margins. Whether the latter is beneficial to a particular state’s gaming and fiscal policy will depend on whether it is able to generate new demand in its local market and/or recapture revenue and jobs being lost to other states (McGowan (2009). Furthermore, even in a state of equilibrium, existing suppliers may still be displaced by new suppliers, who offer a more competitive and up-to-date gaming facility and who offer gaming in a more strategic location; namely, a specific location that is underserved in the broader market or that is located closer to a population center than competing gaming facilities.

It is also important to recognize that saturation is not a fixed point, because the level of supply necessary to meet demand can vary over the business cycle and it depends on consumer confidence (or uncertainty) about current and future economic conditions (Barrow and Borges 2014). The quantitative equilibrium defining saturation can shift with consumer preferences (e.g., casinos vs. horse racing), and it can grow organically with increases population and/or disposable personal income. Thus, even if a market was saturated today that does not mean that it cannot absorb additional supply going forward to meet anticipated improvements in the product or forecast increases in population and income. Moreover, even population and income are malleable to the extent that a gaming facility(ies) can attract out-of-market tourists, such as leisure and business travelers, which artificially increases population and income beyond the numbers reported in U.S. Census Bureau and U.S. Bureau of Economic Analysis data.

Saturation is a constantly moving and malleable target and not a fixed point on a supply and demand chart.

For example, most models used to forecast gross gaming revenue for regional gaming markets, and for individual casinos, normally rely on some measure of the propensity to gamble. One measure of the propensity to gamble is the percentage of the adult population that visits a casino at least once in the previous 12 months. In 2012, thirty-four percent (34%) of the adult population (aged 21+) in the United States visited a casino in the previous twelve months compared to seventeen percent (17%) in 1990 (American Gaming Association 2013; Harrah's 2006). As Class III casino gaming has expanded from 2 states in 1976 to 39 states in 2014, the average propensity to gamble has increased in conformity with Say's Law that "supply creates its own demand" (Shim and Siegal 1995, 307). While Say's Law may overstate the case, there is no question that as casino gambling has become more convenient for Americans, the propensity to gamble (i.e., demand) steadily increased as more and more casinos opened in non-traditional jurisdictions (i.e., outside Nevada and New Jersey) beginning in 1989.

Moreover, the propensity to gamble can vary widely from state to state based on the number and quality of casinos and their proximity to population centers. The last time state by state propensity estimates were published by Harrah's Entertainment, Inc. in 2003, the propensity to gamble ranged from a low of 9.3% in North Carolina to a high of 41.9% in Louisiana and 43.7% in Nevada (Harrah's 2003, 22-24). There is an obvious correlation between the propensity to casino gamble and the extent to which casino gambling is available in a particular state, as well as the average drive time that residents of a particular state must travel to reach a casino.

Figures on the propensity to gamble and casino expenditures in New England, illustrate this basic principle, which underlies most forecasting models for casino gaming. There is a clear relationship between functional distance – or convenience – and expenditures on gaming, particularly spending on slot machines and video lottery terminals. When looking only at per capita gaming expenditures (i.e., not including non-gaming expenditures), it is clear that the more proximate to a casino, and the more options available within a primary market area (i.e., 60 minutes), the higher the level of per capita expenditures on casino gaming. In New England, Rhode Islanders spent \$577 per capita (age 21+) on casino gaming in CY 2012, followed by residents of Connecticut (\$407), Massachusetts (\$182), Maine (\$116), New Hampshire (\$66), and Vermont (\$21) (see Table 2). There is clearly a great deal of variability in per capita expenditures on casino gaming, but it is clear that one local factor is convenience and supply.<sup>19</sup>

**Table 2**

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<sup>19</sup> For example, in 2005, 9.1% of Maine's adult residents report visiting a casino in the last twelve months, when the only regional options for casino gambling were located in Rhode Island and Connecticut (Harrah's 2006). After casinos opened in Bangor, Maine (2006) and Oxford, Maine (2012), the propensity to gamble increased with 21% of Maine's adult residents now reporting they visited a casino at least once in the last twelve months (Barrow and Borges 2013b, 1).

PER CAPITA TOTAL SPENDING BY STATE: ALL NEW ENGLAND CASINOS & RACINOS, CY 2012						
State	Foxwoods & Mohegan Sun	Twin River & Newport Slots	Hollywood and Oxford Casinos	Grand Total	Age 21+	Per Capita
RI	\$176,274,805	\$269,457,557	245,265	\$ 445,977,627	771,477	\$578
CT	\$1,064,749,252	\$4,707,875	290,911	\$ 1,069,748,038	2,604,478	\$411
MA	\$554,425,141	\$295,254,471	3,047,144	\$ 852,726,756	4,823,404	\$177
ME	\$24,906,720	\$527,011	90,571,476	\$ 116,005,207	998,947	\$116
NH	\$50,417,988	\$2,798,985	5,424,232	\$ 58,641,205	970,653	\$60
VT	\$7,794,339	\$0	536,177	\$ 8,330,516	626,431	\$13

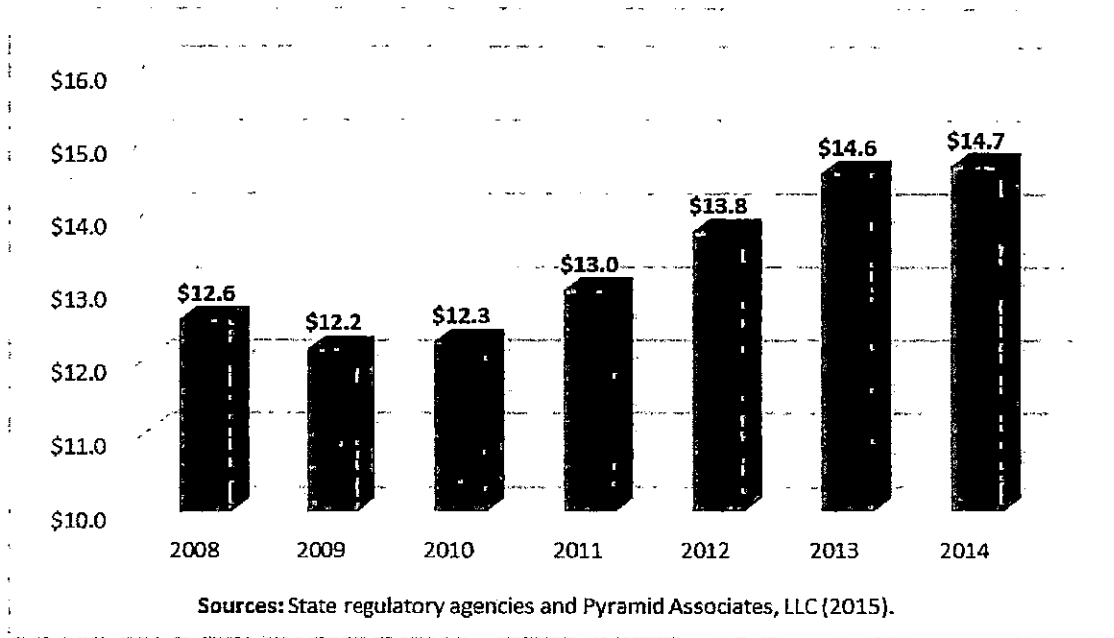
Sources: Barrow and Borges (2013); 2010 American Community Survey (U.S. Census).

A second measure of the propensity to gamble is the percentage of disposable personal income that is spent on particular forms of gaming. In 2006, at the peak of the U.S. casino gaming market, Americans spent 0.616% of their disposable personal income on all forms of casino gambling, including commercial casinos, racetrack casinos, video lottery terminals, Class III Indian casinos, and card rooms offering poker and blackjack. By 2009, at the trough of the Great Recession, the ratio of DPI spent on casino gambling had fallen to 0.540%.<sup>20</sup> Casino gamblers behaved like rational actors and reduced their discretionary spending on this leisure activity at a time of job losses and economic uncertainty. While this may seem like a comparatively trivial decline, when applied to trillions of dollars in disposable personal income, this figure parallels the decline in gross gaming revenue nationally during this time. These figures also provide an aggregate range for what one might anticipate in the future as the casino industry more closely tracks the business cycle. It also provides a basis for analyzing the potential for saturation in the Northeastern gaming market.

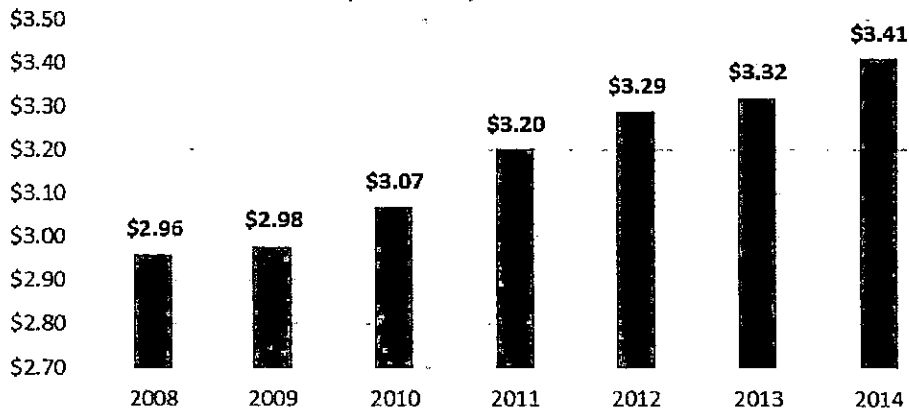
First, gross gaming revenues in the Northeast, including both Indian and commercial gaming follow the same trend as GGR nationally. Gross gaming revenues reach a trough of \$12.2 billion in CY 2009 – the same year as the trough of the Great Recession – and then began a recovery in CY 2010 (\$12.3 billion) and reach \$14.7 billion in CY 2014. Gross gaming revenue increased by \$2.1 billion (+16.7%) from CY 2008 to CY 2014 (see Figure 5).

Figure 5

<sup>20</sup> Calculated from data in Christiansen (2006, 2009) and U.S. Bureau of Economic Analysis (2006, 2009).



**Figure 6**  
 Northeast Gaming Market  
 Disposable Personal Income, 2008-2014  
 (In Trillions)



Source: U.S. Bureau of Economic Analysis; Pyramid Associates

During this same period, disposable personal income in the Northeast increased by \$358 billion – from just under \$3.0 trillion in CY 2008 to \$3.3 trillion in CY 2013 (see Figure 6). This means that at an average propensity to gamble of 0.54% (a recessionary level), a simple gravity model would forecast that gross gaming revenue would have increased in the Northeast by \$1.9 billion, when in fact it increased by \$2.1 billion. In other words, the Northeastern gaming market performed at an above average level for recessionary conditions – not a crisis level – as it continued to grow in tandem with growth in disposable personal income (and it did so without drawing a larger share of income from other areas of the regional economy).

Furthermore, expenditures on casino gambling in the Northeast actually consumed only 0.43% of disposable personal income in CY 2008 and 0.43% of disposable personal income in CY 2014.

The ratio of gambling expenditures by casino patrons has remained comparatively constant in the Northeast, although it is well below the national recessionary average of 0.54% of DPI reached in 2009 and it is even further below the peak national average of 0.62% reached in 2006.<sup>21</sup> Thus, if the Northeastern gaming market was to perform at a level comparable to the current national average (0.54%), a simple gravity model would forecast CY 2014 gross gaming revenues of \$18.4 billion as compared to the actual figure of \$14.7 billion. Should the Northeastern gaming market ever perform at the average level established in 2006, then one would expect gross gaming revenues of \$20.9 billion.

Thus, even under a long-term recessionary scenario where consumer preferences have shifted away from casino gambling, one can still anticipate new organic growth in the Northeastern gaming market (i.e., population and income) and new demand stimulated by additional supply near major urban centers.

However, new and organic growth in the Northeastern gaming market does not mean that all boats will be lifted by a rising tide as demonstrated by the period from CY 2008 to CY 2014. Even though the total gaming market increased by \$2.1 billion during this time, there was an on-going dynamic shifting of market shares on a state-by-state basis primarily at the expense of the legacy states, which entered the market early and enjoyed the benefits of near monopoly conditions until this time.

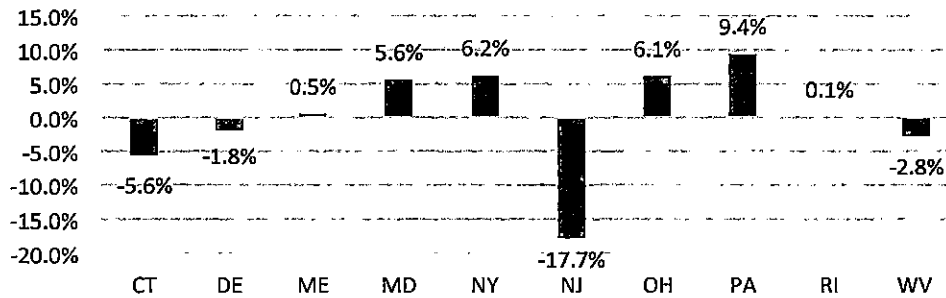
As Figure 8 illustrates, several states such as Maine, Maryland, New York, Ohio, Pennsylvania, and Rhode Island saw their share of the gaming market increase by several percentage points as they expanded gaming and added new supply aimed at recapturing gamblers from those states who had previously been gambling in Connecticut (1992), Delaware (1992), New Jersey (1978), and West Virginia (1992). Delaware and West Virginia mitigated this impact by adding table games to their casinos early in the developing casino arms race (see Figure 7). Thus, new entrants to the market have successfully recaptured gaming revenue from adjacent states, particularly from Connecticut and New Jersey, while also increasing the total size of the gaming market.

**Figure 7**

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<sup>21</sup> A part of this difference may be due to the fact that many of the Northeast's metropolitan areas – New York City (No. 1), Philadelphia (No. 6), Hartford-New Haven (No. 14), and Boston (No. 16) – are among the top 20 feeder markets to Las Vegas, see Harrah's (2006, 21) and it is not likely that all of these expenditures can be recaptured by local or regional casinos.

Northeast Gaming Market  
Percentage Point Change in Share of Total Gross Gaming  
Revenues  
CY08 - CY13



Source: Individual state lotteries/gaming boards; Pyramid Associates

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## **4.00 WHAT DOES IT MEAN FOR NEW HAMPSHIRE?**

In a recent editorial, *Foster's Daily Democrat* (9-19-2014) claims that "any hope has faded" for casino gambling in New Hampshire due to the awarding of a license to Steven Wynn to open a \$1.6 billion casino in Everett, Massachusetts. The *Keene Sentinel* (7-21-2014) similarly argues that

“casino revenues won’t hold up” in New Hampshire due to competition from Massachusetts. The *Manchester Union-Leader* (8-11-2014) dismisses the idea of a New Hampshire casino as “nothing but trouble.” The *Portsmouth Herald* (7-29-2014) editorializes that the “U.S. Casino Industry is in the Midst of Collapse” and bolsters this assertion with the claim that “Atlantic City’s woes can be found in virtually every state in the nation that thought it had struck it rich with casinos.” None of these claims is true!

Even the *Nashua Telegraph*, once a supporter of expanded gambling, concludes that “the casino market is reaching saturation” (8-16-2014) and, therefore, it proposes that “before lawmakers get serious about pushing another casino plan for New Hampshire, the first order of business should be to authorize an independent economic analysis to ensure a casino is economically viable and, if so, how big it should be and where it should be built.” Many of these editorials point to Atlantic City as the example that proves their case, but in fact Atlantic City is the example that disproves the case - legacy states are losing out to new start-ups that offer state-of-the-art facilities closer to population centers. Moreover, even after its so-called collapse, Atlantic City casinos are still a \$3.5 billion industry employing more than 20,000 people.

Massachusetts, New Hampshire, and Vermont are the only states in the Northeastern region without a direct presence in the casino gaming industry, although Massachusetts has authorized 3 resort casinos and one slot parlor, which should open in 2015 (slot parlor) and 2017 (2 resort casinos). However, the fact that New Hampshire does not have a direct presence in the casino gaming industry does not mean that New Hampshire residents do not gamble at out-of-state casinos. In the latest *New England Casino Gaming Update*, we estimate that New Hampshire residents spent about \$58.6 million in 2012 at New England casinos, compared to \$63.2 million in 2010 and \$61.7 million in 2009.<sup>22</sup>

In the most recent *New England Gaming Behavior Survey* (2013), sixteen percent (16%) of New Hampshire adult (age 21+) residents said they visited a casino at least once in the last year. Foxwoods Resort (8%) and Mohegan Sun Casino (3%) in Connecticut remain the destinations of choice, although visits to Twin River in Lincoln, Rhode Island have doubled in the last six years, and Granite State residents now account for 10% of the annual visitations to Oxford Casino in Maine. In raw numbers, this New Hampshire residents made approximately 196,000 visits to Connecticut’s two casinos, 8,200 visits to Rhode Island’s two slot parlors, and 21,000 visits to Maine’s two casinos.<sup>23</sup> Of the New Hampshire residents who visited Foxwoods, 87% gambled, 92% purchased food, 32% stayed in overnight lodging, 16% made retail purchases at the casino, 6% utilized the spa, and 24% purchased other amenities such as golf or live entertainment. Of the New Hampshire residents who visited Mohegan Sun, 95% gambled, 95% purchased food, 39% stayed in overnight lodging, 28% made retail purchases at the casino, 15% utilized the spa, and 29% purchased other amenities such as golf or live entertainment.<sup>24</sup> The average spend per visit by New Hampshire residents across all five New England casinos was \$218 in 2012 compared to \$196 in 2010. Moreover, these numbers will increase significantly with the opening of a casino only 40 miles from New Hampshire’s border. Thus, there is a real opportunity cost to taking no action.

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<sup>22</sup> Clyde W. Barrow, *New England Casino Gaming Update, 2011* (North Dartmouth, MA: Center for Policy Analysis, March 2011), p. 39.

<sup>23</sup> Clyde W. Barrow, *Bring It on Home: An Overview of Gaming Behavior in New England, Vol. II: Maine and New Hampshire* (North Dartmouth, Mass.: Center for Policy Analysis, 2013).

<sup>24</sup> *Ibid*, p. 12.



Moreover, the call for additional studies based on allegedly new developments in Massachusetts, misses the fact that several studies have already been conducted and that each of these studies already incorporated the assumption that Massachusetts would license at least a \$1 billion casino in the Greater Boston Area (i.e., either Everett or Revere). For example, the Center for Policy Analysis (CFPA) at the University of Massachusetts Dartmouth constructed a gravity model in 2009 that estimated the potential economic and fiscal impact of a southern New Hampshire casino with a \$300 million capital investment, 4,000 slot machines, 100 table games, and a medium-sized hotel (300 rooms) (Barrow 2009). This model assumed a highly competitive scenario that included additional slot machines at various locations in New Hampshire and expanded gaming in Massachusetts, including a large resort casino north of Boston (i.e., Revere). Under this competitive scenario, it was estimated that the Greater Boston market area, which includes southern New Hampshire and southern Maine had the potential to generate up to \$1.6 billion in annual gross gaming revenues within five years.

The CFPA report concluded at the time that a southern New Hampshire casino would generate \$531,805,000 in gross gaming revenues at operational maturity. Much of this revenue would be recaptured from New Hampshire residents that would otherwise travel to Connecticut or Massachusetts to gamble, and it was estimated that 80% of this gaming revenue would come from out-of-state residents (i.e., primarily northeastern Massachusetts).

In 2013, the Center for Policy Analysis revised its gravity model to incorporate the impact of the Great Recession on the regional propensity to gamble, the opening of Oxford Casino in Maine, the addition of table games at Twin River in Rhode Island, and the upscaling of proposals for a resort casino in the Greater Boston area. The results of this revised gravity model were shared with the New Hampshire General Court in early 2013 (Barrow 2013) and, under this revised scenario, the CFPA gravity model estimated a southern New Hampshire casino with a \$300 million capital investment (exclusive of land and license) would generate \$413 million annually in gross gaming revenues.<sup>25</sup>

In response to repeated proposals for expanded gaming in New Hampshire, Governor John H. Lynch created the New Hampshire Gaming Study Commission by Executive Order to conduct:

“a thorough and comprehensive review of various models for expanded gaming and their potential to generate state revenues, as well as an assessment of the social, economic, and public safety impacts of gaming options on the quality of life in New Hampshire” (NHGSC 2010, GSC 5).

The New Hampshire Gaming Study Commission was assisted by researchers from the New Hampshire Center for Public Policy (NHCPP) “to develop a set of models to simulate the effects of [gaming] expansion in New Hampshire” (NHGSC, GSC 13). The Study Commission’s overall conclusion was that “New Hampshire will support a market for people who want to gamble, especially at facilities located in the southern part of the state” (Ibid.). The NHCPP model estimates that a southern New Hampshire casino with a \$500 capital investment would generate \$422 million in gross gaming revenue with a large resort casino in the Greater Boston area (Ibid., GSC 60).

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<sup>25</sup> Clyde W. Barrow, *Market Feasibility, Economic, and Fiscal Impact Analysis for Sagamore Crossing Golf Resort & Convention Center* (Hudson, NH: Greenmeadow Golf Club, Inc., January 2010[Suffolk Downs Scenario]).

Finally, in 2013, the New Hampshire General Court established the New Hampshire Gaming Regulatory Oversight Authority to develop a “comprehensive approach to existing and expanded gaming” in 2013, including a regulatory structure and financial projections. The Authority retained WhiteSand Gaming, a nationally respected gaming consultant that provides services to state governments, which prepared a report that was submitted to the Authority on November 15, 2013. This study, which also incorporates the assumption that Massachusetts will build a casino in either Everett or Revere, estimates that a southern New Hampshire casino will generate \$397.9 million in gross gaming revenue (Year 5) based on the highest viable tax rates (WhiteSand 2013, 137).

Each of the three most recent estimates of the gross gaming revenues for a southern New Hampshire casino were developed independently of each other and using a variety of different methodologies, including a gravity model based on population and propensity to gamble, a gravity based on population and income, and competitive set model comparing New Hampshire to comparable existing gaming venues. Yet, the estimates generated by these models vary by a maximum of only 5.7% from the highest estimate to the lowest estimate and each of these models incorporates the assumption that Massachusetts will build a large resort casino north of Boston.

These studies have all concluded that New Hampshire has the ability to first-to-market, since it has an existing race track that can quickly accommodate slot machines and table games, while additional improvements are underway. The planned Wynn Casino in Everett, Massachusetts will likely take at least four years (or more) to open, since it will be located at the site of a former Monsanto chemical plant. This site is highly contaminated and will require extensive environmental remediation, as well as state and federal permits, before construction takes place (Moore 2012).

The site is also inconveniently located for many Massachusetts residents living in the planned casino’s primary (0-60 minutes) and secondary (61-120 minutes) market area. Everett, Massachusetts is a 50 minute drive from Salem, New Hampshire (under favorable driving conditions), which means that even after a Wynn Casino is constructed in Everett, there are large caches of potential customers for a southern New Hampshire casino, who live in northern and northeastern Massachusetts, as well as southern Maine. A southern New Hampshire casino also has the potential to recapture Granite State gamblers, who are currently traveling to Connecticut, Rhode Island, and Maine.

The recent headlines in the state’s newspapers read as if New Hampshire’s public officials have never studied the question of expanded gaming and as if no one anticipated the building of a casino in Massachusetts. The headlines are just wrong!

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## Appendix A: About the Author

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### Clyde W. Barrow, Ph.D.

Dr. Barrow is Chair of the Department of Political Science at the University of Texas – Rio Grande Valley (2014 – present) and formerly Chancellor Professor of Public Policy and Director of the Center for Policy Analysis at the University of Massachusetts, Dartmouth (1987-2014). In addition to teaching and conducting research and analysis at the University of Texas, he has served as a consultant to state, federal, and local government agencies, private companies, business and trade associations, non-profit organizations, and educational institutions across the United States.

Dr. Barrow specializes in public policy research and analysis. His areas of expertise include feasibility analysis, economic impact analysis, industry analysis, regional economic development, survey development and implementation, and policy analysis. His work has involved a wide variety of industries, including casino gaming, retail trade, science and technology, textiles and apparel, health care, national defense, education, health care, arts and crafts, cultural economic development, tourism, leisure and hospitality, and public infrastructure development.

For two decades, Dr. Barrow has been studying the economic, fiscal, and social impacts of casino gaming, including commercial casinos, race track casinos, and Indian gaming. He has studied existing and proposed gaming around the United States, including California, Connecticut, Illinois, Maine, Massachusetts, New Hampshire, Nevada, New York, Oregon, Pennsylvania, Rhode Island, Texas, Washington, and Wisconsin. He is project manager for the Northeastern Gaming Research Project, which annually conducts research and analysis of the New England and Northeastern casino gaming industry.

Dr. Barrow's research has been published in various scholarly journals, including *Gaming Law Review and Economics*, *Gaming Research & Review Journal*, *Casino Enterprise Management*, *Journal of Travel Research*, *Massachusetts Benchmarks*, and *Journal of Economic Issues*. He has also authored more than 250 applied policy monographs and dozens of articles in trade publications, magazines, and newspapers. He has delivered invited talks to more than 100 business and community groups and delivered expert testimony to numerous state legislatures, as well as other state and federal agencies. His research and expert commentary have been cited in more than 3,000 newspaper articles, including the *Wall Street Journal*, *New York Times*, *Financial Times*, *Washington Post*, *Christian Science Monitor*, *USA Today*, *Forbes*, and *Time*.

Dr. Barrow holds a B.A. in Political Science from Texas A&M University, and an M.A. and Ph.D. in Political Science from the University of California, Los Angeles.



## Appendix B: About Pyramid Associates, LLC

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Pyramid Associates, LLC is a registered Massachusetts company (est. 2006) with offices in Fall River, Massachusetts and Edinburg, Texas. The company specializes in providing custom designed applied policy and economic research for clients in the public, private, and non-profit sectors, including many Fortune 500 companies. The company's areas of expertise include:

- Gaming market analysis (gravity modeling);
- Economic impact and economic base analysis;
- Industry analysis;
- Workforce development planning;
- Public opinion polling and behavioral survey research.

The partners and employees at Pyramid Associates, LLC have conducted research on a wide variety of industries, including:

- Gaming, leisure and hospitality,
- Retail trade,
- Marine science and technology,
- Technology assessment,
- Textiles and apparel,
- Health care,
- Education,
- Arts and crafts,
- Cultural economic development,
- Tourism,
- Workforce development planning,
- Municipal and Non-Profit Management and Organization, and
- Public infrastructure development.

STATEMENT OF:

CLYDE W. BARROW, PH.D.

CHAIR & PROFESSOR OF PUBLIC POLICY,  
DEPARTMENT OF POLITICAL SCIENCE

UNIVERSITY OF TEXAS – RIO GRANDE VALLEY

BEFORE THE

SENATE WAYS & MEANS COMMITTEE

1<sup>ST</sup> YEAR OF THE 164<sup>TH</sup> SESSION OF THE GENERAL COURT  
OF THE STATE OF NEW HAMPSHIRE

Held in the Representatives Hall, Concord, New Hampshire, February 17, 2015

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Chairman Boutin, and members of the committee, thank you for this opportunity to address the Senate Ways and Means Committee on Senate Bill 113 “An Act Relative to Video Lottery and Table Gaming.” My purpose in testifying today is to summarize the results of two studies that I recently completed on the potential for expanded gaming in New Hampshire and to answer any additional questions from the committee on broader questions of expanded gaming.

Let me start by saying a few words about my professional background and expertise in the gaming industry for those members of the committee who may be unfamiliar with my work. I am currently a Professor of Public Policy and Chair of the Department of Political Science at the University of Texas – Rio Grande and I previously directed the Center for Policy Analysis at the University of Massachusetts, Dartmouth (1987-2014). I am also the co-owner and general manager of Pyramid Associates, LLC, a registered Massachusetts company (est. 2006) that specializes in gaming market analysis (gravity modeling), economic impact analysis, and behavioral survey research. I have studied the economic, fiscal, and social impacts of casino gaming for 20 years and I am testifying today at the request of Millennium Gaming, Inc., which has proposed a resort casino at Rockingham Park in Salem, New Hampshire.

I have been studying the economic, fiscal, and social impacts of casino gaming nationally and particularly in the Northeast for 20 years. In 2004, I launched the Northeastern Gaming Research Project, which was established to provide policymakers, the general public, and the media with independent and objective research on gaming in the New England and Mid-Atlantic regions. In addition to articles published in scholarly journals, the project publishes an annual *New England Casino Gaming Update* and a biennial *New England Gaming Behavior Survey*. I regularly follow trends and developments in the gaming industry, publish original academic research on the industry, and analyze proposals for expanded gaming – most recently, in California, Maine, Massachusetts, New Hampshire, New York, Oregon, Texas, Washington, and Wisconsin.

I have shared the results of those studies in scholarly journals, consulting reports, legislative testimony, editorials, and newspaper articles. In fact, today is the 17<sup>th</sup> time that I have testified on expanded gaming in New Hampshire since 2008, including multiple appearances before both chambers of the General Court, the New Hampshire Gambling Regulatory Oversight Authority, and the Governor’s Gaming Study Commission. As a result, I have had the opportunity to watch the expanded gaming debate, as well as the

proposed gaming legislation, evolve and develop over the last seven years and I feel confident in saying that SB 113 “gets it right.” This is state-of-the-art legislation, based on the findings and recommendations of two previous study groups, including the New Hampshire Gambling Regulatory Oversight Authority. This legislation builds on the best practices of the 39 states that already have casino gaming by including:

- strong licensing, regulatory, and enforcement processes,
- investment requirements that maximize the competitiveness and job creation potential of a New Hampshire casino,
- license fees and tax rates that maximize the state’s share of gaming revenues, while maintaining the profitability and competitiveness of local gaming facilities,
- and statutory protections that eliminate or mitigate potential negative impacts such as problem gambling or impacts on live entertainment venues.

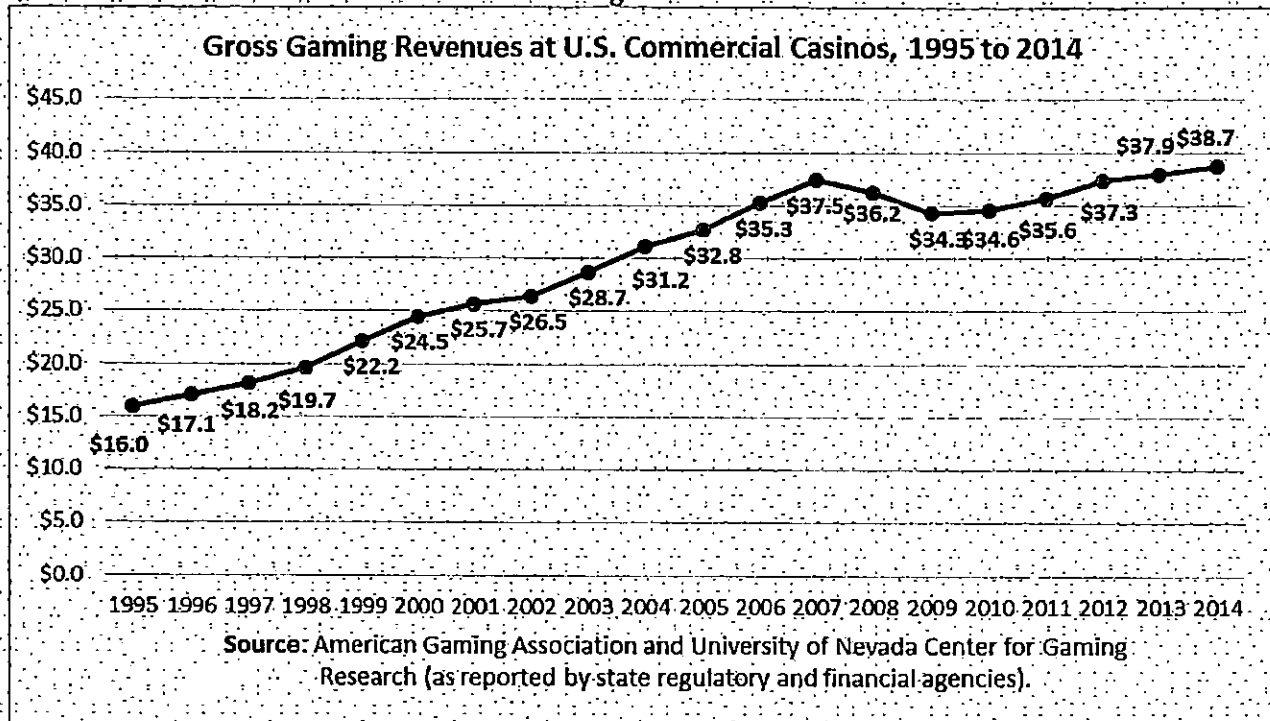
### **THE NORTHEASTERN GAMING MARKET**

Be that as it may, there has been an increasing chorus of critics who argue that “the casino industry is collapsing” or that “the gaming market is saturated” and, therefore, it is too late to enter this industry. Indeed, many newspapers, including those in New Hampshire, have run headlines that read like an obituary page for the U.S. and Northeastern casino gaming industry. In contrast to the exaggerated headlines predicting a collapse of the casino gaming industry, it is more accurate to say that the industry is maturing as a result of growth and increased competition:

- Gross gaming revenue at commercial casinos in the United States reached \$37.5 billion in Calendar Year 2007 – the last peak in the U.S. business cycle -- and gross gaming revenue at commercial casinos fell to \$34.3 billion (-8.6%) in CY 2009, which includes the trough quarters in U.S. GDP that marked the bottom of the Great Recession.
- Since that time, however, gross gaming revenue at U.S. commercial casinos has recovered to \$38.7 billion (+12.8%) and has exceeded its previous CY 2007 peak in the last two calendar years.
- Thus, on the national level, gross gaming revenue at commercial casinos began a two-year 8.6% decline (2008-2009), which coincided with the worst years of the Great Recession, followed by a five-year 12.8% recovery in gross gaming revenue (2010-2014) (see Figure 1).

This is not a pattern that defines a collapsing industry. The casino industry’s recent revenue trajectory merely illustrates that casino gaming is no longer recession proof and that as casinos evolve into regional entertainment venues with an array of non-gaming amenities, it will be subject to the same macro-economic factors as any other consumer service or entertainment industry. However, pundits should not confuse normal revenue declines related to the business cycle with a structural collapse of the industry.

Figure 1



Similarly, gross gaming revenue in the Northeast, including both Indian and commercial casinos followed the same trend as GGR nationally. Gross gaming revenue troughed at \$12.3 billion in CY 2009 – the same year as the trough of the Great Recession – and then began a recovery in CY 2010 (\$12.3 billion) that reached \$14.7 billion in CY 2014. Last year, the Northeast casino industry generated record setting gross (gaming + non-gaming) revenues of \$17.0 billion (see Figure 2).

Thus, gross gaming revenue in the Northeast actually increased by \$2.1 billion (+17.1%) from CY 2008 to CY 2014. During this same period, disposable personal income in the Northeast increased by approximately \$400 billion -- from just under \$3.0 trillion in CY 2008 to \$3.4 trillion in CY 2014 (+13.6%). This means that at an average propensity to gamble (at a recessionary level), a simple gravity model would forecast that gross gaming revenue would have increased in the Northeast by \$1.8 billion, when in fact it increased by \$2.4 billion. In other words, the Northeastern gaming market performed at an above average level for recessionary conditions – not at a crisis level – by continuing to grow in tandem with the growth in disposable personal income. Moreover, expenditures on casino gaming in the Northeast actually consumed only 0.43% of disposable personal income in CY 2008 and 0.43% of disposable personal income in CY 2014, which means that growth in the industry was supported by income growth and did not come at the expense of other sectors of the economy.

Figure 2

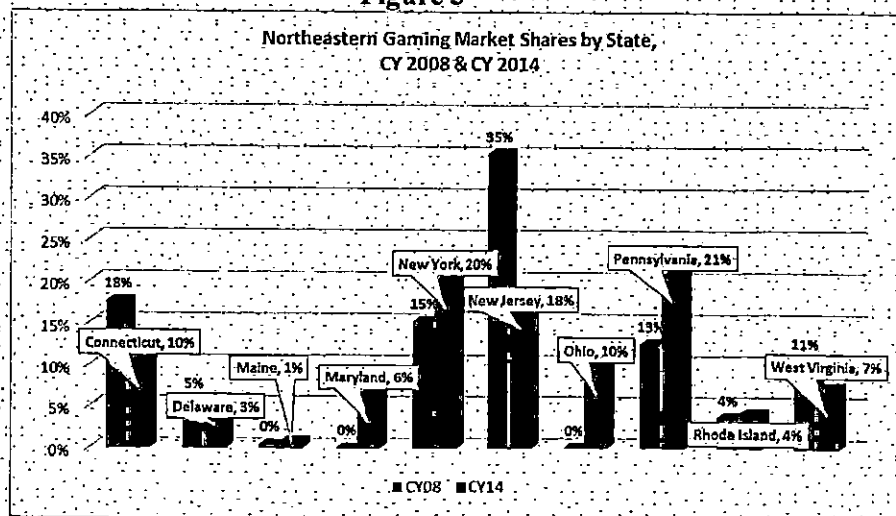
TOTAL CASINO EXPENDITURES IN THE NORTHEAST, CY 2014					
	Slot Win	Other Gaming	Total Gaming	NonGaming	Gross Revenue
Connecticut	\$1,067,471,619	\$468,455,744	\$1,535,927,363	\$387,084,414	\$1,923,011,777
Rhode Island	\$510,999,169	\$98,928,174	\$609,927,343	\$57,333,170	\$667,260,513
Maine	\$104,778,626	\$22,491,002	\$127,269,628	\$10,690,649	\$137,960,277
Delaware	\$352,146,100	\$51,295,664	\$403,441,764	\$41,957,943	\$445,399,707
Maryland	\$628,794,028	\$302,288,990	\$931,083,018	\$107,074,547	\$1,038,157,565
New Jersey	\$1,874,715,209	\$708,217,702	\$2,582,932,911	\$896,277,720	\$3,479,210,631
New York (VLIS)	\$1,898,335,717	\$0	\$1,898,335,717	\$144,273,514	\$2,042,609,231
New York (Indian)	N/A	N/A	\$1,056,600,000	\$124,200,000	\$1,180,800,000
Ohio	\$1,148,068,043	\$273,801,869	\$1,421,869,912	\$147,874,471	\$1,569,744,383
Pennsylvania	\$2,319,534,380	\$749,507,225	\$3,069,041,605	\$288,489,911	\$3,357,531,516
West Virginia	\$947,000,314	\$143,322,083	\$1,090,322,397	\$103,580,628	\$1,193,903,025
<b>GRAND TOTAL</b>	<b>\$10,851,843,205</b>	<b>\$2,818,308,453</b>	<b>\$14,726,751,658</b>	<b>\$2,308,836,968</b>	<b>\$17,035,588,626</b>

Sources: State gaming regulatory commissions; Meister, *Indian Gaming Industry Report, 2011-2014*; U.S. SEC 10-K Filings; Pyramid Associates, LLC (2015).

However, new and organic growth in the Northeastern gaming market does not mean that all boats were lifted by a rising tide as demonstrated by the period from CY 2008 to CY 2014. Even though the total gaming market increased by \$2.1 billion during this time, there was an on-going dynamic shifting of market shares on a state-by-state basis primarily at the expense of the legacy states, which entered the market early and enjoyed the benefits of near monopoly conditions until recently. Many states, including New York (2004), Maine (2005), Pennsylvania (2007), Maryland (2010), and Ohio (2012) saw their share of the Northeastern gaming market increase by several percentage points as they introduced casino gaming for the first time, expanded supply in the form of new venues, and/or added table games and hotels aimed at recapturing gamblers from states that had entered the market earlier, such as Connecticut (1992), Delaware (1995), New Jersey (1978), and West Virginia (1994) (see Figure 3).<sup>1</sup>

Thus, it is new entrants to the market that have successfully recaptured gaming revenue from adjacent states, particularly from Connecticut and New Jersey, while also increasing the total size of the regional gaming market. New Hampshire's position will be that of a new market entrant like New York, Maryland, or Ohio, rather than a legacy state like Connecticut or New Jersey. These findings clearly indicate that is *not too late* for New Hampshire to enter the casino gaming market.

Figure 3



<sup>1</sup> Dates in parentheses are dates of first casino opening in the state, see, AGA (2013, 11-22).

## ECONOMIC & FISCAL IMPACT OF A NEW HAMPSHIRE CASINO

A second major concern expressed by critics of expanded gaming legislation is that a new “independent study” of expanded gaming is required because the Massachusetts Gaming Commission has licensed a major resort casino in Everett, Massachusetts that will dramatically change earlier projections for jobs and tax revenues in the Granite State. In fact, several independent studies of the potential New Hampshire gaming market have already been conducted and each of these studies already incorporates the assumption that Massachusetts would license at least a \$1 billion casino north of Boston (i.e., in either Everett or Revere, Massachusetts):

- In 2013, the Center for Policy Analysis at UMass Dartmouth revised its gravity model to incorporate the impact of the Great Recession on the regional propensity to gamble, the opening of Oxford Casino in Maine, the addition of table games at Twin River in Rhode Island, and the upscaling of proposals for a resort casino in the Greater Boston area. The results of this revised gravity model were shared with the New Hampshire General Court in early 2013 and, under this scenario, the CFPA gravity model estimated a southern New Hampshire casino with a \$500 million capital investment (including facility purchase and license fee) would generate \$413 million annually in gross gaming revenues.
- The New Hampshire Gaming Study Commission was assisted by researchers from the New Hampshire Center for Public Policy (NHCPP) “to develop a set of models to simulate the effects of [gaming] expansion in New Hampshire” (NHGSC, GSC 13). The Study Commission’s overall conclusion was that “New Hampshire will support a market for people who want to gamble, especially at facilities located in the southern part of the state” (Ibid.). The NHCPP model estimated that a southern New Hampshire casino with a \$500 million capital investment would generate \$422 million in gross gaming revenue with a large resort casino in the Greater Boston area (Ibid., GSC 60).
- Finally, in 2013, the New Hampshire General Court established the New Hampshire Gaming Regulatory Oversight Authority to develop a “comprehensive approach to existing and expanded gaming” in 2013, including a regulatory structure and financial projections. The Authority retained WhiteSand Gaming to prepare a report, which also incorporated the assumption that Massachusetts will build a casino in either Everett or Revere. This study estimated that a southern New Hampshire casino will generate \$397.9 million in gross gaming revenue (Year 5) based on tax rates identical to those in SB 113.

Each of the three most recent estimates of the gross gaming revenue for a southern New Hampshire casino were developed independently of each other and using a variety of different methodologies. Yet, the estimates generated by these models vary by only 5.7% from the highest estimate to the lowest estimate and each of these models incorporates the assumption that Massachusetts will build a large resort casino north of Boston.

However, since 2013 when these three studies were conducted, there have been two changes in the underlying market assumptions that guided these studies. The 2013 models assumed that Massachusetts would authorize a \$1.0 to \$1.2 billion casino in either Everett or Revere, Massachusetts when in fact, the M.G.C. authorized Wynn Resorts to build a \$1.6 billion casino. Similarly, the 2013 models assumed that Massachusetts would authorize a \$600 million casino in Palmer, Massachusetts, when in fact the M.G.C. authorized MGM to build an \$808 million casino in Springfield. The increased “gravity” of these facilities will certainly affect a model’s final revenue estimate for a proposed New Hampshire casino.

Consequently, I revised my previous (2013) modeling to incorporate these new assumptions as well as updated assumptions about a proposed Rockingham Park casino.<sup>2</sup>

Millennium Gaming, Inc. is proposing a \$600 million capital investment to construct a resort casino at Rockingham Park in Salem, New Hampshire. For purposes of our modeling, it was assumed that proposed casino will open January 1, 2018, with a gaming facility that includes 2,500 slot machines, 75 table games, and 25 poker tables, along with a 300-room hotel with spa, a 1,000 to 1,500 seat entertainment venue, conference facilities, and food and beverage service.<sup>3</sup>

Gravity modeling is the most reliable and commonly used method for estimating the demand and competitive impact of casinos in a specific market area. Consequently, a gravity model was constructed using a Master Database that includes the 1,619 communities in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. The gravity model includes data by town and city on total population, the adult population (age 21+), per capita income, total income, disposable personal income (DPI), and drive times to the six existing gaming facilities in New England and to three gaming facilities authorized in Everett, Plainville, and Springfield, Massachusetts.<sup>4</sup> Drive times are based on geo-codes for the actual address of each gaming facility. The initial Master Database contains 98,759 discrete data points.

### ***Revenue and Fiscal Impacts***

The proposed Rockingham Park casino will achieve its first full fiscal year of stabilized revenue in Year 2 (FY 2019) of operations (see Table 1):

- The proposed casino will generate \$376.5 million in gross gaming revenue and an additional \$32.6 million in non-gaming revenue for annual gross revenue of \$409.0 million.
- The proposed casino will have a stabilized customer base of 0.70 million visitors, who will make 5.1 million annual visits for an average of 7 visits per year per visitor.
- It is estimated that at least 68.4% of a Rockingham Park casino's gross gaming revenue -- \$257.5 million -- will be "new money" infused into the New Hampshire economy as a result of capturing and recapturing gaming expenditures from other states, particularly Connecticut, Massachusetts, and Maine.
- Assuming a normal distribution of gaming revenue between slot machines and table games, the Rockingham Park casino will pay \$47.8 million in gaming taxes in its first

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<sup>2</sup> TMG Consulting, *Wynn Everett Gaming Market Assessment* (New York, October 2013), pp. 1,5, estimates that the Wynn Everett casino will generate \$639.3 million in gross gaming revenue from residents living in the Northeast gaming market (i.e., Maine to New Jersey/Pennsylvania) with only about 6% of that revenue coming from New Hampshire residents. Wynn Everett expects to generate another \$113 million from "high yield international and overnight hotel visitors." The Wynn Everett estimates assume "the continued operation of existing gaming facilities as well as the build-out of gaming supply across the East Coast, increasing competitive pressures in the region" (p.2), although it does not include New Hampshire as part of its projected "buildout of gaming supply across the East Coast," nor does it identify NH as a significant market for its type of facility. This lacuna opens a market opportunity for New Hampshire to compete "under the radar" of Wynn Everett for regional gamblers residing in Vermont, Maine, and northeastern Massachusetts, to capture seasonal tourists visiting the state for other leisure activities (e.g., leaf tours, skiing, fishing, camping, hiking, and hunting), and to capture business travelers in New Hampshire primarily for other purposes.

<sup>3</sup> The earlier 2013 models assumed 3,000 to 5,000 slot machines at Rockingham Park, while the current model assumes 2,500 slot machines. The addition of more slot machines or table games at Rockingham Park would increase "the gravity" of the gaming facility and thus likely generate somewhat higher gaming revenues.

<sup>4</sup> Penn National will own and operate a slot parlor in Plainville, Massachusetts, which is scheduled to open no later than May 2015. MGM Springfield is scheduled to open in March 2017, while Wynn Everett may open by spring 2017, but it will likely be later.

year of operations (FY 2018) and \$116.7 million in gaming taxes by its second year of operations (FY 2019).<sup>5</sup>

**Table 1**

Estimated Revenue for Rockingham Park Casino, FY 2018 Thru FY 2022					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Gross Gaming Revenue (GGR)</b>					
No. Slots	2,500	2,500	2,500	2,500	2,500
No. Table Games	75	75	75	75	75
No. Poker Tables	25	25	25	25	25
Annual Visits	2,068,128	5,068,941	5,068,941	5,068,941	5,068,941
Daily Win Per Unit	\$263	\$322	\$322	\$322	\$322
Daily Win Per Table	\$2,305	\$2,819	\$2,819	\$2,819	\$2,819
Daily Win Per Poker Table	\$506	\$619	\$619	\$619	\$619
Slot Win (Annual)	\$120,395,721	\$293,648,101	\$293,648,101	\$293,648,101	\$293,648,101
Table Win (Annual)	\$31,642,465	\$77,176,744	\$77,176,744	\$77,176,744	\$77,176,744
Poker Win	\$2,315,302	\$5,647,079	\$5,647,079	\$5,647,079	\$5,647,079
<b>Gross Gaming Revenue</b>	<b>\$154,353,489</b>	<b>\$376,471,924</b>	<b>\$376,471,924</b>	<b>\$376,471,924</b>	<b>\$376,471,924</b>
Slot revenue as % of GGR	78%	78%	78%	78%	78%
GGR as % of Gross Revenue	90%	92%	92%	92%	92%
<b>Non-Gaming Revenue (NGR)</b>					
No. Hotel Rooms	250	250	250	250	250
Hotel	\$ 8,030,000	\$ 8,531,875	\$ 8,531,875	\$ 8,531,875	\$ 8,531,875
Food & Beverage	\$ 8,210,468	\$ 20,833,348	\$ 20,833,348	\$ 20,833,348	\$ 20,833,348
Retail	\$ 517,032	\$ 1,774,129	\$ 1,774,129	\$ 1,774,129	\$ 1,774,129
Entertainment	\$ 227,494	\$ 557,584	\$ 557,584	\$ 557,584	\$ 557,584
Other	\$ 330,900	\$ 861,720	\$ 861,720	\$ 861,720	\$ 861,720
<b>Non-Gaming Revenue</b>	<b>\$ 17,315,894</b>	<b>\$ 32,558,655</b>	<b>\$ 32,558,655</b>	<b>\$ 32,558,655</b>	<b>\$ 32,558,655</b>
NGR as % of Total Operating Revenue	10%	8%	8%	8%	8%
<b>Gross Revenue</b>	<b>\$ 171,669,383</b>	<b>\$ 409,030,579</b>	<b>\$ 409,030,579</b>	<b>\$ 409,030,579</b>	<b>\$ 409,030,579</b>
<b>Gaming Taxes Paid to New Hampshire</b>	<b>\$ 47,834,146</b>	<b>\$ 116,668,649</b>	<b>\$ 116,668,649</b>	<b>\$ 116,668,649</b>	<b>\$ 116,668,649</b>

Note: 1. Revenues in 2013 constant dollars. 2. Assumes January 1, 2018 start date for Rockingham Park Casino. Consequently, figures for FY 2018 are for one-half fiscal year. 3. Assumes that Penn National, MGM, and Wynn are open no later than July 1, 2017.

### ***Economic & Employment Impacts***

Our revised modeling predicts that the construction of a Rockingham Park casino with a 300-room hotel will generate 1,742 direct construction jobs over a 30-month period and \$74.9 million in direct employee compensation (see Table 3). These jobs will have an annual average wage of \$42,974 (2013 dollars), which does not include payments for fringe benefits (see Table 2).

<sup>5</sup> The model assumes that a Rockingham Park casino opens on January 1, 2018. Consequently, even though the gaming facility will open at 100% of capacity, the first year gross gaming revenues and gaming tax revenues are for one-half a fiscal year (FY 2018 – January 1, 2018 to June 30, 2018).



**Table 2**

<b>Rockingham Park Casino: Employment &amp; Compensation Impacts of Casino Construction (FY 2016 to FY 2018)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Employment	1,742	566	778	3,086
Compensation \$	74,878,846	\$24,856,904	\$26,898,240	\$126,633,990
Annual Avg. Wage	\$42,974	\$43,894	\$34,588	\$41,030

Sources: Implan (2013); Pyramid Associates, LLC (2015). Note: 2013 dollars.

Our economic impact modeling further predicts that:

- Casino operations with \$376.5 million in annual gross gaming revenue and \$32.6 million in non-gaming revenue will generate 1,670 jobs and \$70.4 million in direct employee compensation and another \$17.6 million in fringe benefit payments (See Table 3).
- These jobs will have an annual average wage of \$42,171, which does not include payments for fringe benefits or tips (see Table 3).

**Table 3**

<b>Rockingham Park Casino: Employment &amp; Compensation Impacts of Casino Operations (FY 2019)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Employment	1,670	623	533	2,826
Compensation \$	70,425,804	\$22,675,051	\$19,375,786	\$112,476,641
Annual Avg. Wage	\$42,171	\$36,397	\$36,352	\$39,801

Sources: Implan (2013); Pyramid Associates, LLC (2015). Note: 2013 dollars.

- Casino operations (gaming and non-gaming) will sustain an additional 623 jobs in New Hampshire through indirect impacts (i.e., casino-related local purchases) and 533 jobs through induced impacts (i.e., local purchases by employees) by FY 2019 (see Table 3).
- The employment generated by indirect and induced impacts will sustain an additional \$42.1 million in employee compensation in New Hampshire.
- The model also predicts that indirect and induced impacts will be widely distributed across 106 of IMPLAN's 440 industry account sub-codes. The most significant indirect and induced impacts will occur in sectors that provide casino-related inputs or services or that provide retail, health care, food and beverage, and financial services to casino employees.

Thank you for your attention. I will gladly answer any questions about our methodology, research findings, or other potential impacts of S.B. 113.

## PROXIMITY MATTERS!

### **Far more NH residents will become problem gamblers from casinos located in New Hampshire than from casinos in Massachusetts**

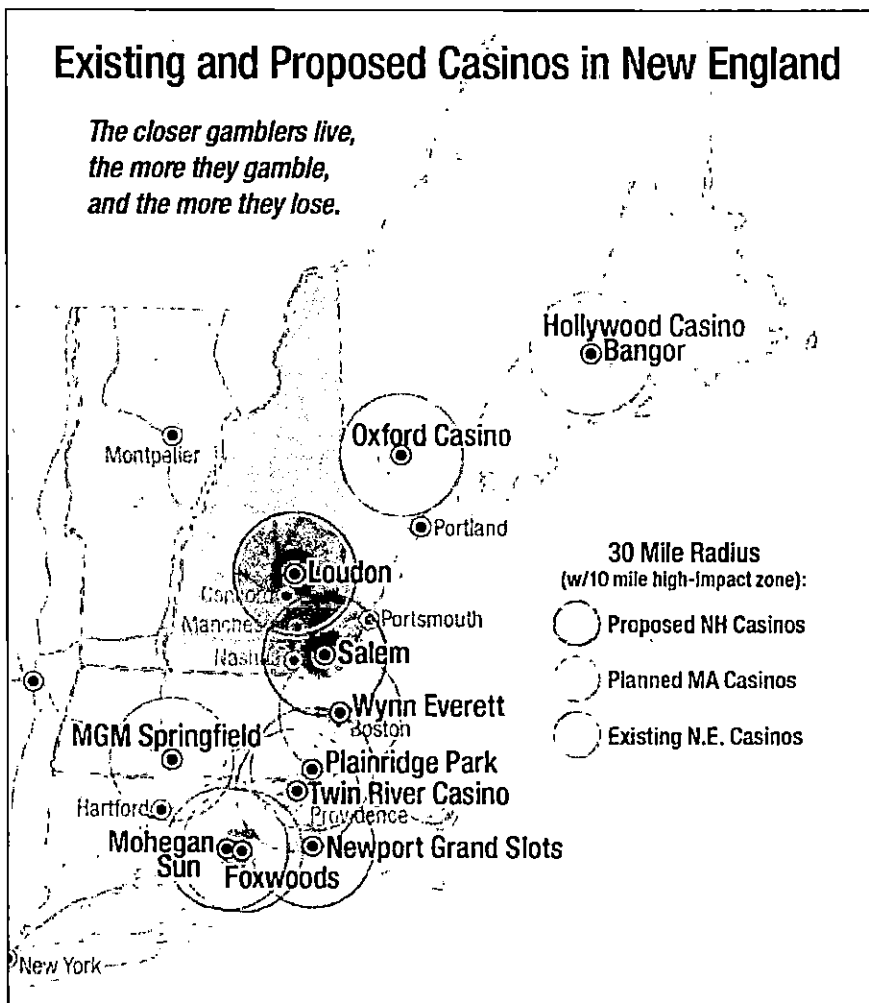
Numerous studies and common sense tell us that the closer people live to a casino the more likely they are to make a regular habit of playing the slots or high stakes table games. This is important because the people who play slot machines or casino games most frequently are the same people who are most likely to become gambling addicts, harming themselves, their families, and their communities. That is why proximity to slot machines and addiction go hand-in-hand.

NH has relatively few gambling addicts now. That's because the types of gambling now legally available in NH are the less addictive forms that don't offer continuous rapid play and because to play a legal video slot machine – the most addictive form of gambling – most NH residents have to drive more than an hour to get to a casino. Planned casinos in Everett and Springfield Massachusetts will be closer, but still more than an easy drive away for most NH residents. This lack of proximity will make it difficult for most NH residents to play the slots with the frequency (such as several times per week or even daily) that feeds, and so greatly increases, the likelihood of addiction. Casino spending drops off rapidly beyond 25 miles distance (see reverse).

This all changes if two casinos are built in New Hampshire. Less than 5% of NH's population lives within 30 miles of an existing or proposed casino, but most NH residents will live within 30 miles of a NH casino and many will live within 10-15 miles of one, where the risk of disordered gambling is the greatest. "A large-scale study in 2004 found that people who live within 10 miles of a casino have twice the rate of pathological and problem gambling as those who do not." [Why Casinos Matter, p. 18, p. 45]

With the casino market becoming rapidly saturated in the northeast, most of the revenue from 2 NH casinos will come from NH residents and will be losses to the players, their families and other businesses within the community.

Data from UMASS Dartmouth's 4th Biennial New England Gaming Behavior Survey (p.7) confirms this effect even for destination resort-style casinos like Foxwoods and Mohegan Sun where the overwhelming portion of NH visitors only visited once or twice in the last survey year, 2012, while only 3% made 5 or more trips to Foxwoods and 10% made 5 or more trips to Mohegan Sun. In contrast, 23% of CT visitors to Foxwoods and 28% of CT visitors to Mohegan Sun made 5 or more trips in 2012.



# PROXIMITY MATTERS!

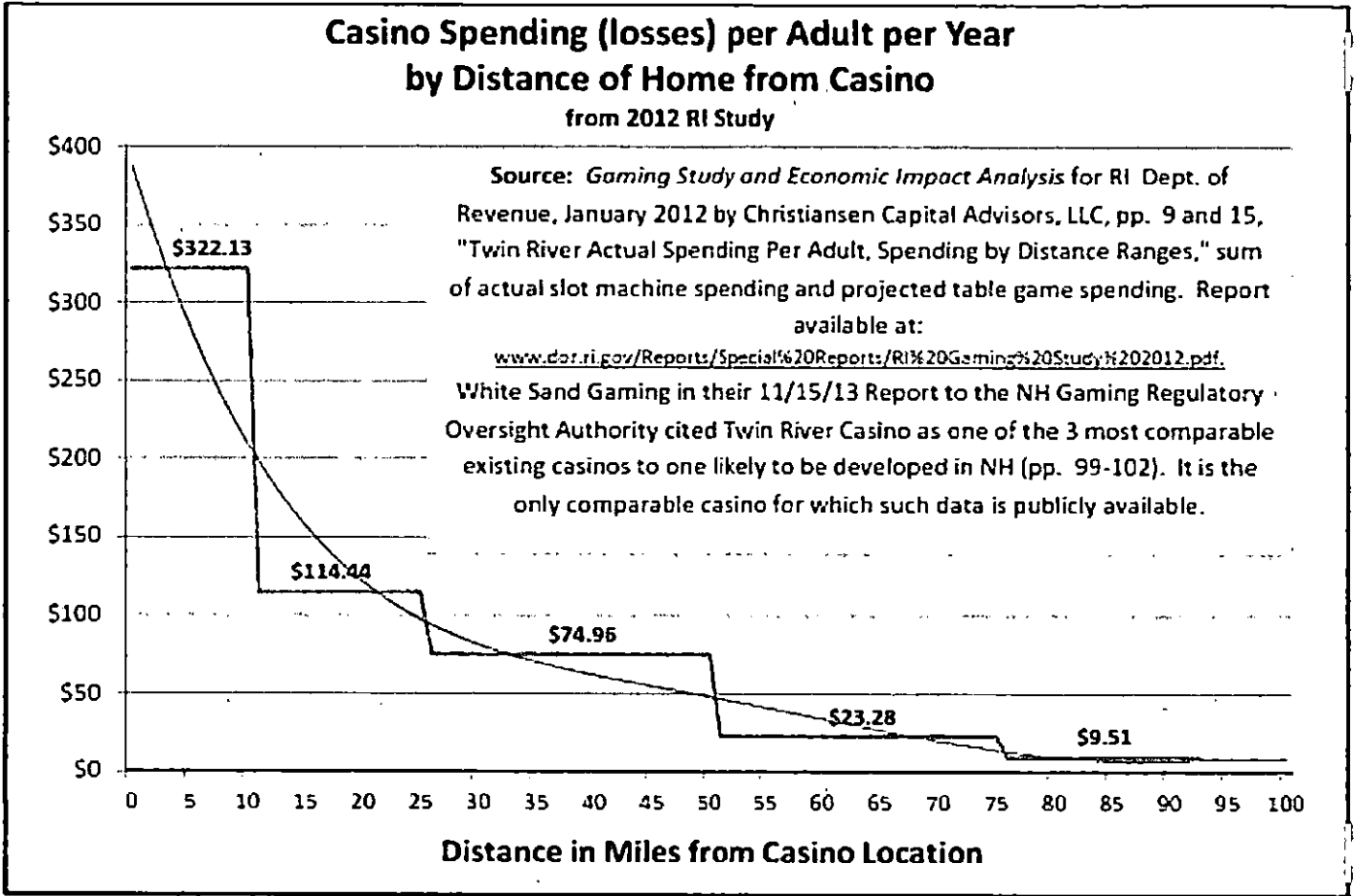
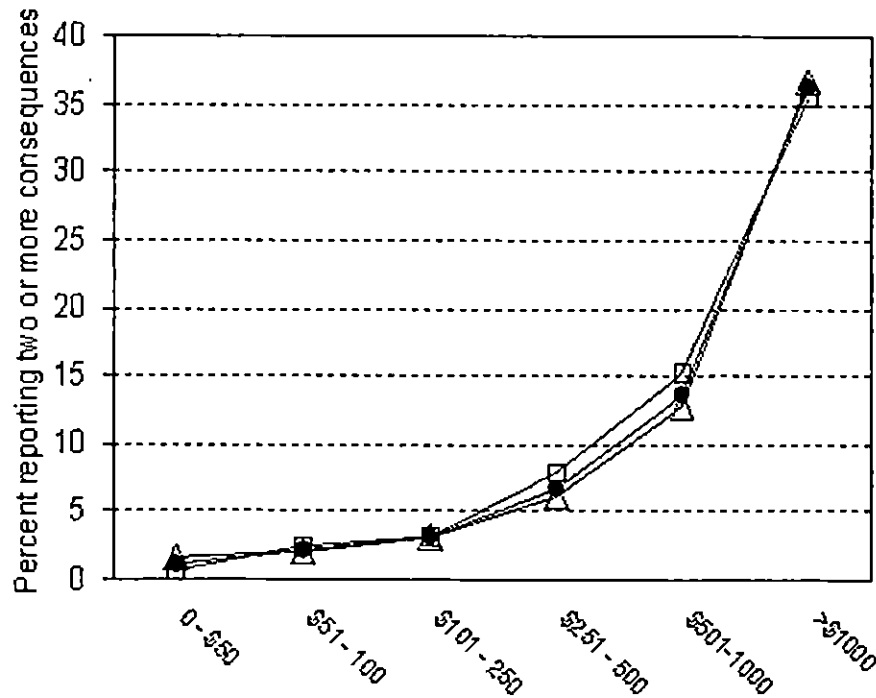


Figure 2. Harm from gambling (proportion reporting 2 or more negative consequences in last 12 months) by total dollars spend in a year for men (open triangles), women (open squares), and total population (circles). (From endnote source # 6)



From: Currie S. R., Hodgins D. C., Wang J., el-Guebaly N., Wynne H., Chen S. "Risk of harm among gamblers in the general population as a function of level of participation in gambling activities." *Addiction* 2006; 101:570-

Prepared by Clifton Below for Casino Free NH, 2/15

## SB 113

### Senate Ways and Means

#### Testimony of Rep. Ken Weyler

Good morning and thank you for this opportunity to speak in favor of SB 113.

Perhaps you are asking yourself questions about this issue...and you seek answers from the testimony you receive today.

1. Maybe you wonder if New Hampshire can properly manage and oversee casino operations.
2. Can we responsibly balance the social costs against the financial benefits?
3. Will the regulatory framework be strict enough?
4. Can we avoid some of the problems other states have seen with regard to casino operations?
5. Can we truly compete with Massachusetts casinos when they open for business in the near future?
6. Is this a truly competitive approach, with real opportunity for a variety of people to participate in the bidding process?

I am confident that every one of these questions can be answered with a "YES".

As a conservative, I support this proposal because it contains the components of a bill that I can strongly support: this is a non-tax revenue resource. It offers competition in the marketplace. It does not create a new government entity; rather it uses the existing lottery commission to regulate the casino activities. And it is what the people of New Hampshire have clearly said in poll after poll that they support.

Whether you are republican or democrat there contains in this proposal a strong incentive to support SB 113. This proposal reinstates revenue sharing with cities and towns that was suspended due to the great recession. We halted this funding mechanism back in 2010 when dollars dried up in our state budget. Now, we have a chance, through non-tax revenue, to restart revenue sharing. Cities and towns

have relied on that revenue for decades. It amounts to \$25 million dollars a year that can be returned to cities and towns to meet existing obligations or to provide funds for tax relief for citizens.

As a member of the House Finance committee, we face challenges in this budget cycle. The Governor is talking about boosting efficiencies. Some of my colleagues are looking at places to trim spending wherever possible. Others are discussing new revenue options to offset potential cuts.

In the meantime, many of you in the Senate have prioritized cutting business taxes to spur our state's economy. All of these are important contributions to the debate. But we all understand that a new revenue source would provide the flexibility to turn good ideas into a good plan of action. We can replace any unexpected losses from business tax reform. We can protect vulnerable populations from painful cuts. We can keep our budget in balance without raising taxes.

I ask you to work together, polish this proposal into something you can support, and pass SB 113.

Thank you for your time.

## **Testimony of the NH Troopers Association in Support of SB113**

Thank you Mr. Chairman and members of the committee.

My name is Seth Cooper. I am here today in my capacity as President of the New Hampshire Troopers Association, the organization that represents the men and women who make up our state police force.

The New Hampshire Troopers Association supports Senate Bill 113. I want you to know that our decision to support this measure and previous bills was not taken lightly. There was a time when the Troopers Association opposed expanded gambling because we didn't feel there was adequate oversight proposed to regulate the industry. I have to tell you that we are especially pleased with the extensive work that the Gaming Regulatory Oversight Authority put into the bill last year. That Authority had two members of law enforcement on it- Commissioner of Safety John Barthelmes and Londonderry Police Sargent Patrick Cheetham. This was the first time law enforcement actually had a seat at the table and the extensive work they did developed one of the strongest oversight and enforcement laws in the country.

In making the decision to support this bill and previous bills, we reached out to our state police counterparts in state's that have casino gambling. We wanted to hear first hand if the fears of some were real. With 41 states now allowing casino gambling, we knew there was plenty of real experience to draw from. So we spoke with our state police counterparts who handle gaming enforcement in numerous states, including Delaware, Connecticut, Pennsylvania, Rhode Island and New Jersey. Not one of them could collaborate the accusations and predictions some opponents here are making about runaway crime that will occur if a casino opens in New Hampshire. Almost all of them indicated that the opponents in their state raised the exact same arguments they are doing here, but they all said the reality is those predictions just haven't come true. That's not to say that there haven't been increases in some instances, but for the most part, the issues they have experienced occur anytime there are large crowd venues. Whether it's a shopping mall, a sporting event or a casino, the experiences from a law enforcement perspective have been similar.

So we decided that there is certainly enough of a track record to know that New Hampshire won't be overtaken by crime, just like Maine and Iowa and Ohio haven't been.

Mr. Chairman, the message from my members is that this is a non-tax revenue source that you shouldn't hand over to Massachusetts and Maine. SB113 is a bill that addresses the very concerns that many in law enforcement had —that done right, with a strong regulatory structure and robust oversight provisions can generate new revenue for this state, new tourism for this state and new jobs for this state. We hope you can do what we have done and support SB113.

# Committee Report

STATE OF NEW HAMPSHIRE  
SENATE  
REPORT OF THE COMMITTEE

Date: March 4, 2015

THE COMMITTEE ON Ways and Means  
to which was referred Senate Bill 113-FN-A-L

AN ACT                    relative to video lottery and table gaming.

Having considered the same, the committee recommends that the Bill:

**OUGHT TO PASS WITH AMENDMENT**

BY A VOTE OF:    3-2

AMENDMENT # 0723s

Senator Lou D'Allesandro  
For the Committee

Sonja Caldwell 271-2117



## New Hampshire General Court - Bill Status System

**Docket of SB113**

Docket Abbreviations

**Bill Title:** relative to video lottery and table gaming.*Official Docket of SB113:*

<b>Date</b>	<b>Body</b>	<b>Description</b>
1/29/2015	S	<b>Introduced</b> and Referred to Ways and Means; <b>SJ 5</b>
2/4/2015	S	Hearing: ===CANCELLED=== 2/17/15, Room 103, SH, 9:30 a.m.; <b>SC9</b>
2/12/2015	S	Hearing: === RESCHEDULED === 2/17/15, Representatives' Hall, SH, 9:00 a.m.; <b>SC10</b>
3/4/2015	S	Committee Report: Ought to Pass with Amendment #2015-0723s, 3/12/15; <b>SC12</b>
3/12/2015	S	Committee Amendment 0723s, AA, VV
3/12/2015	S	<b>Ought to Pass with Amendment</b> 0723s, <b>RC</b> 13Y-11N, MA; OT3rdg; <b>SJ 8</b>
3/12/2015	H	Introduced and Referred to Ways and Means; <b>HJ 26</b> , PG. 1275
3/24/2015	H	Public Hearing: 4/7/2015 9:00 AM LOB 202-204
4/1/2015	H	==RESCHEDULED== Public Hearing: 4/7/2015 10:00 AM LOB 202==RECESSED==
4/7/2015	H	Continued Public Hearing: 4/7/2015 1:30 PM LOB 202
4/8/2015	H	Full Committee Work Session: 4/14/2015 10:00 AM LOB 202
4/15/2015	H	Full Committee Work Session: 4/21/2015 10:00 AM LOB 202
4/20/2015	H	Executive Session: 4/21/2015 2:00 PM LOB 202
4/23/2015	H	Majority Committee Report: Ought to Pass with Amendment #2015-1396h for Apr 29 (Vote 11-10; RC); <b>HC 32</b> , PG. 1487-1488
4/23/2015	H	Minority Committee Report: Inexpedient to Legislate
4/29/2015	H	Amendment #1396h: AF DV 141-162; <b>HJ 36</b> , PG. 1585-1587
4/29/2015	H	Floor Amendment #2015-1468h (Reps Hoell, Abramson, Itse, Schleien): AF <b>RC</b> 103-259; <b>HJ 36</b> , PG. 1587-1589
4/29/2015	H	Floor Amendment #2015-1472h (Reps Zaricki, Fisher, Schleien, Spillane): AF <b>RC</b> 87-279; <b>HJ 36</b> , PG. 1589-1592
4/29/2015	H	Suspend rules to allow consideration of non-germane amendment (Rep Abramson): MF VV lacking necessary 2/3; <b>HJ 36</b> , PG. 1592
4/29/2015	H	Ought to Pass: MF <b>RC</b> 156-208; <b>HJ 36</b> , PG. 1592-1594
4/29/2015	H	Inexpedient to Legislate (Rep Abrami): MA DV 223-141; <b>HJ 36</b> , PG. 1594
4/29/2015	H	Reconsider (Rep Hess): MF VV; <b>HJ 36</b> , PG. 1594

NH House

NH Senate

# Other Referrals

# COMMITTEE REPORT FILE INVENTORY

SB113 ORIGINAL REFERRAL

\_\_\_\_\_ RE-REFERRAL

- 
- 
1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE AIDE AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
  2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
  3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
  4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

DOCKET (Submit only the latest docket found in Bill Status)

COMMITTEE REPORT

CALENDAR NOTICE

HEARING REPORT

PREPARED TESTIMONY AND OTHER SUBMISSIONS HANDED IN AT THE PUBLIC HEARING

SIGN-UP SHEET(S)

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

- AMENDMENT # 0723       - AMENDMENT # 0463  
 - AMENDMENT # 0645      \_\_\_\_\_ - AMENDMENT # \_\_\_\_\_

ALL AVAILABLE VERSIONS OF THE BILL:

AS INTRODUCED      \_\_\_\_\_ AS AMENDED BY THE HOUSE  
\_\_\_\_\_ FINAL VERSION      \_\_\_\_\_ AS AMENDED BY THE SENATE

OTHER (Anything else deemed important but not listed above, such as amended fiscal notes):  
\_\_\_\_\_

DATE DELIVERED TO SENATE CLERK

7-29-15

BY:

SLC

COMMITTEE AIDE