
Committee Report

REGULAR CALENDAR

March 13, 2019

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Majority of the Committee on Ways and Means to
which was referred HB 480-FN,**

**AN ACT relative to sports betting. Having considered
the same, report the same with the following
amendment, and the recommendation that the bill
OUGHT TO PASS WITH AMENDMENT.**

Rep. Richard Ames

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee:	Ways and Means
Bill Number:	HB 480-FN
Title:	relative to sports betting.
Date:	March 13, 2019
Consent Calendar:	REGULAR
Recommendation:	OUGHT TO PASS WITH AMENDMENT 2019-0974h

STATEMENT OF INTENT

HB 480, as amended, authorizes the Lottery Commission to operate a new system of sports betting in New Hampshire. The Committee amendment builds on and strengthens the sports betting system proposed by the Governor in HB 2. Betting on sports events is currently illegal in the state, but we all know that many people in New Hampshire, and throughout the country, are engaging in sports betting notwithstanding its illegality. This bill will bring much of this activity to the surface where it will be legal and regulated. Lottery Commission agents responsible for conducting sports gaming activities will be selected on the basis of factors specified in the bill, including financial stability, commitment to maximize the revenue share to be delivered to the state consistent with all other requirements of the law, and commitment to integrity in gaming. Local approval is required for the physical placement and operation of retail sports gaming operations, no more than ten of which may be in operation at any one time. Limited forms of sports wagers, not involving in-play sports or outcomes of single sports events, are also authorized within the traditional Lottery system. Betting on high school sports or on most sports events involving New Hampshire collegiate teams is prohibited. All internet based wagers must be initiated and received within the state in compliance with the federal Wire Act. A new, independent Council for Responsible Gambling, with authority to promote and fund education, prevention and treatment of problem gambling, is established and funded. The Governor's budget, HB 1 & 2, anticipates \$10 million in net new revenue in FY 2021 from the sports betting system that would be enabled by this bill.

Vote 17-2.

Rep. Richard Ames
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

**MAJORITY
COMMITTEE REPORT**

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Vote 17-2.

Rep. Richard Ames
FOR THE MAJORITY



Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

COMMITTEE: W+M

BILL NUMBER: 490 FM

TITLE: _____

DATE: 3/13/2019 CONSENT CALENDAR: YES NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.
09-74 h

STATEMENT OF INTENT:

See emailed statement

COMMITTEE VOTE: 17-2

RESPECTFULLY SUBMITTED,

- Copy to Committee Bill File
- Use Another Report for Minority Report

Rep. Paul Arnes
For the Committee

HB 480: Committee Report

HB 480, as amended, authorizes the Lottery Commission to operate a new system of sports betting in New Hampshire. The Committee amendment builds on and strengthens the sports betting system proposed by the Governor in HB 2. Betting on sports events is currently illegal in the state, but we all know that many people in New Hampshire, and throughout the country, are engaging in sports betting notwithstanding its illegality. This bill will bring much of this activity to the surface where it will be legal and regulated. Lottery Commission agents responsible for conducting sports gaming activities will be selected on the basis of factors specified in the bill, including financial stability, commitment to maximize the revenue share to be delivered to the state consistent with all other requirements of the law, and commitment to integrity in gaming. Local approval is required for the physical placement and operation of retail sports gaming operations, no more than ten of which may be in operation at any one time. Limited forms of sports wagers, not involving in-play sports or outcomes of single sports events, are also authorized within the traditional Lottery system. Betting on high school sports or on most sports events involving New Hampshire collegiate teams is prohibited. All internet based wagers must be initiated and received within the state in compliance with the federal Wire Act. A new, independent Council for Responsible Gambling, with authority to promote and fund education, prevention and treatment of problem gambling, is established and funded. The Governor's budget, HB 1 & 2, anticipates \$10 million in net new revenue in FY 2021 from the sports betting system that would be enabled by this bill.

Amendment to HB 480-FN

1 Amend RSA 287-I:1, XI as inserted by section 1 of the bill by replacing it with the following:

2

3 XI. "Prohibited sports event" means:

4 (a) A collegiate sports event in which one of the participants is a collegiate team of a
5 college institution that is primarily located in New Hampshire;

6 (b) A collegiate sports event that takes place in New Hampshire;

7 (c) Any high school sports event in any location;

8 (d) Any amateur sports event where the participants are primarily under the age of 18;
9 provided that "prohibited sports event" does not include the games of a collegiate sports tournament
10 in which a New Hampshire college team participates, nor does it include any games of a collegiate
11 sports tournament that occurs outside New Hampshire even though some of the individual games
12 or events are held in New Hampshire; and provided further that sports wagers are permitted on
13 collegiate sports tournament games in which a New Hampshire college team participates only if the
14 outcome of the wager is based on the outcome of all games within the tournament.

15

16 Amend RSA 287-I:3-7 as inserted by section 1 of the bill by replacing them with the following:

17

18 287-I:3 Commission Agents. The commission shall conduct a sports book for sports wagering
19 through agents selected through a competitive bid process and approved by the governor and
20 executive council. Any such contract shall be based on the state receiving a percentage of revenue
21 from sports wagering activities within the state. The commission shall ensure that an agent
22 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
23 an agent, the commission shall consider, at a minimum, the experience and background of the
24 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's
25 mobile and Internet capabilities, the agent's contribution to economic development within the state,
26 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity
27 in betting. The commission shall select a group of bidders who best meet the criteria set forth in
28 this paragraph and select from that group the agent or agents whose bid provides the state with the
29 highest percentage of revenue from the sports wagering activities covered by the bid, provided that
30 the commission determines that the bidder's commitment to return said revenue percentage to the
31 state is consistent with the bidder's commitment to meet all other criteria specified in the bid
32 request and in applicable law. All agents shall be subject to criminal and financial background

Amendment to HB 480-FN

- Page 2 -

1 checks as prescribed by the commission. The commission may retain vendors to support the
2 commission in operating a sports book.

3 287-I:4 Commission Directed Sports Wagering. The commission is further authorized to
4 directly offer lottery games to authorized bettors within the state in the form of tier III sports
5 wagers through the commission's lottery retailers subject to the provisions of this chapter.

6 287-I:5 Sports Book Retail Operations. The commission and its agents are further authorized
7 to operate physical sports book retail locations within the state for the purposes of accepting tier I
8 and tier III sports wagers from authorized bettors and paying prizes relating to those wagers. The
9 sports book retail locations may be co-located with other commercial businesses or general
10 commercial retail locations. No more than 10 sports book retail locations may be in operation at any
11 given time.

12 287-I:6 Local Option for Operation of Sports Book Retail Locations.

13 I. Any town or city may allow the operation of a sports book retail location according to the
14 provisions of this subdivision, in the following manner, excepting that nothing in this section shall
15 be construed to prohibit Internet or mobile wagering or lottery games involving tier III sports
16 wagers in the jurisdiction, if so authorized by the passage of this statute.

17 (a) In a town, the question shall be placed on the warrant of an annual town meeting
18 under the procedures set out in RSA 39:3, and shall be voted on a ballot. In a city, the legislative
19 body may vote to place the question on the official ballot for any regular municipal election, or, in
20 the alternative, shall place the question on the official ballot for any regular municipal election
21 upon submission to the legislative body of a petition signed by 25 of the registered voters.

22 (b) The selectmen, aldermen, or city council shall hold a public hearing on the question
23 at least 15 days but not more than 30 days before the question is to be voted on. Notice of the
24 hearing shall be posted in at least 2 public places in the municipality and published in a newspaper
25 of general circulation at least 7 days before the hearing.

26 (c) The wording of the question shall be substantially as follows: "Shall we allow the
27 operation of sports book retail locations within the town or city?"

28 II. If a majority of those voting on the question vote "Yes", sports book retail locations may
29 be operated within the town or city.

30 III. If the question is not approved, the question may later be voted upon according to the
31 provisions of paragraph I at the next annual town meeting or regular municipal election.

32 IV. A municipality that has voted to allow the operation of sports book retail locations may
33 consider rescinding its action in the manner described in paragraph I of this section.

34 V. An unincorporated place may allow the operation of a physical sports book retail location
35 by majority vote of the county delegation, after a public hearing is held.

36 VI. The commission shall maintain a list of municipalities where sports book retail locations
37 may be placed into operation.

Amendment to HB 480-FN

- Page 3 -

1 287-I:7 Mobile Sports Wagering Authorized. The commission and its agent are authorized to
2 operate a sports book through a mobile sports wagering platform by mobile devices or over the
3 Internet. With respect to mobile sports wagering, the commission, either independently, or through
4 its agent, shall provide:

5 I. Age verification measures to be undertaken to block access to and prevent sports wagers
6 by persons under the age of 18 years.

7 II. Identity verification through secure online databases or by examination of photo
8 identification.

9 III. That electronic data related to sports wagers must be initiated and received within the
10 geographic borders of the state of New Hampshire and may not be intentionally routed outside of
11 the state. The incidental intermediate routing of electronic data shall not determine the location or
12 locations in which a bet or wager is initiated, received, or otherwise made.

13 IV. Wager limits for daily, weekly, and monthly amounts for each player and account
14 consistent with the best practices in addressing problem gambling.

15 V. A voluntary self-exclusion program for players to self-exclude themselves from wagering
16 for set periods of time.

17 VI. Security mechanisms to ensure the confidentiality of wagering and personal and
18 financial information except as otherwise authorized by this chapter.

19
20 Amend RSA 287-I:8 as inserted by section 1 of the bill by inserting after paragraph IX the following
21 new paragraph:

22
23 X. Any agent or contractor who sends or receives electronic data related to sports wagers is
24 responsible to ensure that any transfer of that data is initiated and completed within the state of
25 New Hampshire and that only incidental intermediate routing of the electronic data occurs outside
26 of the state. The agent and contractor shall be responsible for periodically reviewing their
27 information technology systems and networks to ensure compliance with this section.

28
29 Amend the bill by inserting after section 4 the following and renumbering the original section 5 to
30 read as 6:

31
32 5 New Chapter; Council for Responsible Gambling. Amend RSA by inserting after chapter 338-
33 A the following new chapter:

34 CHAPTER 338-B

35 COUNCIL FOR RESPONSIBLE GAMBLING

36 338-B:1 Definitions. In this chapter, "council" means the council for responsible gambling.

37 338-B:2 Statement of Purpose. Education, prevention, and treatment relating to gambling

Amendment to HB 480-FN

- Page 4 -

1 disorders are an integral part of a responsible gaming environment within the state.

2 338-B:3 Establishment. There is established the council for responsible gambling which shall
3 promote education, prevention, and treatment of problem gambling within the state.

4 338-B:4 Membership.

5 I. The council shall consist of 5 members appointed by the governor and executive council
6 and shall be qualified in the field of addiction or mental health services with a focus on problem
7 gambling and shall be residents of the state. A member may be removed by the governor and
8 executive council only for cause shown in accordance with RSA 4:1. The members shall elect one of
9 their number as chairperson. Three members of the council shall constitute a quorum.

10 II. Members shall serve 3 year terms and until their successors are appointed; provided
11 that for the initial appointments only, one member shall be appointed to a term of one year, 2
12 members shall be appointed to a term of 2 years and 2 members shall be appointed to a term of 3
13 years. Any vacancy shall be filled for the unexpired terms.

14 III. Members of the council shall receive mileage at the rate of state employees when
15 attending meetings of the council or performing duties on behalf of the council.

16 338-B:5 Powers and Duties. The council shall have the authority to enter into grants and
17 contracts for the purposes of furthering education, prevention, and treatment of problem gambling
18 within the state.

19 338-B:6 Report of the Council. The council shall submit a biennial report to the governor and
20 executive council on or before October 1 of each even-numbered year. The report shall include a
21 description of the council's activities including a financial report for the relevant time period.

22 338-B:7 Administrative Attachment. The council shall be administratively attached to the
23 lottery commission in accordance with RSA 21-G:10. In addition to the support provided to an
24 administratively attached agency, the lottery commission shall also provide the following to the
25 council:

26 I. Funding in an amount not to exceed \$250,000 per fiscal year to conduct the activities
27 prescribed by this chapter. In accordance with the purpose of this chapter, these payments shall be
28 considered administrative expenses of the lottery commission as set forth in RSA 284:21-j.

29 II. Meeting and office space as reasonably required by the council to conduct the activities
30 prescribed by this chapter.

31 III. Personnel as reasonably required by the council to conduct activities prescribed by this
32 chapter, except that the lottery commission may charge the council for use of such personnel
33 pursuant to an agreement between the lottery commission and the council.

REGULAR CALENDAR

March 13, 2019

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Minority of the Committee on Ways and Means to
which was referred HB 480-FN,**

**AN ACT relative to sports betting. Having considered
the same, and being unable to agree with the Majority,
report with the following resolution: RESOLVED, that it
is INEXPEDIENT TO LEGISLATE.**

Rep. Jess Edwards

FOR THE MINORITY OF THE COMMITTEE

**MINORITY
COMMITTEE REPORT**

Committee:	Ways and Means
Bill Number:	HB 480-FN
Title:	relative to sports betting.
Date:	March 13, 2019
Consent Calendar:	REGULAR
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

A key concern of the Minority is that it continues, and significantly expands, the status quo of state reliance on potentially problematic sources of revenue (sin taxes) instead of taking on the more difficult task of redesigning the state tax structure to meet a differing set of social characteristics. The downside of gambling addiction is accepted as a cost of doing business and has birthed a new "Council for Responsible Gambling" which will compete for the already tight mental health employment sector. The other large concern is that this bill dramatically increases the level of legal state gambling from approximately \$360m to \$560m with mature sports betting in place. To support a significant increase in legal gambling, the size of the state government will grow through the creation of a five person commission and initially hiring nine state employees projected to cost approximately \$750,000. Some businesses will be encouraged to participate in a public RFP process with a set of selection criteria that is silent on factor weighting and which may have overlooked other key selection criteria. If all goes well, the state is aiming for a \$10m per year net increase in new revenues. A member requested, but did not receive; a Sunset Provision of ten to 12 years in case we get this wrong and find ourselves with a well-financed thorn in the side of NH society.

Rep. Jess Edwards
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Ways and Means

HB 480-FN, relative to sports betting. **INEXPEDIENT TO LEGISLATE.**

Rep. Jess Edwards for the **Minority** of Ways and Means. A key concern of the Minority is that it continues, and significantly expands, the status quo of state reliance on potentially problematic sources of revenue (sin taxes) instead of taking on the more difficult task of redesigning the state tax structure to meet a differing set of social characteristics. The downside of gambling addiction is accepted as a cost of doing business and has birthed a new "Council for Responsible Gambling" which will compete for the already tight mental health employment sector. The other large concern is that this bill dramatically increases the level of legal state gambling from approximately \$360m to \$560m with mature sports betting in place. To support a significant increase in legal gambling, the size of the state government will grow through the creation of a five person commission and initially hiring nine state employees projected to cost approximately \$750,000. Some businesses will be encouraged to participate in a public RFP process with a set of selection criteria that is silent on factor weighting and which may have overlooked other key selection criteria. If all goes well, the state is aiming for a \$10m per year net increase in new revenues. A member requested, but did not receive; a Sunset Provision of ten to 12 years in case we get this wrong and find ourselves with a well-financed thorn in the side of NH society.

Original: House Clerk

Cc: Committee Bill File

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Rep. Jess Edwards
FOR THE MINORITY



Original: House Clerk
Cc: Committee Bill File

MINORITY REPORT

COMMITTEE: wtm

BILL NUMBER: 480-FN

TITLE: RELATIVE TO SPORTS BETTING

DATE: 3/13/2019 CONSENT CALENDAR: YES NO

OUGHT TO PASS

OUGHT TO PASS W/ AMENDMENT

INEXPEDIENT TO LEGISLATE

INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.
0974 h

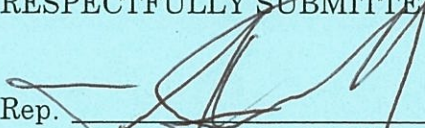
STATEMENT OF INTENT:

SENT VIA EMAIL TO KAREN TO INCLUDE

COMMITTEE VOTE: 17-2

• Copy to Committee Bill File

RESPECTFULLY SUBMITTED,

Rep. 

For the Minority

REP. JESS EDWARDS - ROCK 4

Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 480-FN

BILL TITLE: relative to sports betting.

DATE: March 13, 2019

LOB ROOM: 202

MOTIONS: OUGHT TO PASS WITH AMENDMENT

Moved by Rep. Ames

Seconded by Rep. Abrami

AM Vote: 19-0

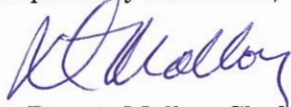
Amendment # 2019-0974h

Moved by Rep. Ames

Seconded by Rep. Abrami

Vote: 17-2

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "D Malloy".

Rep Dennis Malloy, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 480-FN

BILL TITLE: relative to sports betting.

DATE: 3/13/2019

LOB ROOM: 202

MOTION: (Please check one box)

- OTP
- ITL
- Retain (1st year)
- Adoption of Amendment # _____
- Interim Study (2nd year) (if offered)

Moved by Rep. Ames Secoded by Rep. Abram Vote: _____

MOTION: (Please check one box)

- OTP
- OTP/A
- ITL
- Retain (1st year)
- Adoption of Amendment # 0974h
- Interim Study (2nd year) (if offered)

Moved by Rep. Ames Secoded by Rep. Abram Vote: ~~19-0~~ 19-0

MOTION: (Please check one box)

- OTP
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Moved by Rep. Ames Secoded by Rep. Abram Vote: 17-2

MOTION: (Please check one box)

- OTP
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- ITL
- Retain (1st year)
- Adoption of Amendment # _____
- Interim Study (2nd year) (if offered)

Moved by Rep. _____ Secoded by Rep. _____ Vote: _____

CONSENT CALENDAR: _____ YES NO

Minority Report? Yes _____ No If yes, author, Rep: Edwards Motion _____

Respectfully submitted: Dennis Malloy
Rep Dennis Malloy, Clerk



2019 SESSION

Ways and Means

Bill #: 480FN Motion: OTPA AM #: 0974h Exec Session Date: 3/13/2019

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Almy, Susan W. Chairman	17		
Ames, Richard Vice Chairman	1		
Karrick, David B.	2		
Southworth, Thomas L.	3		
Malloy, Dennis J. Clerk	4		
Schamberg, Thomas C.	5		
Tucker, Edith M.	6		
Bunker, Lisa H.		1	
Gomarlo, Jennie R.	7		
Griffith, Willis T.	8		
Loughman, Tom J.			
Stringham, Jerry M.	9		
Major, Norman L.	10		
Griffin, Mary E.	11		
Ulery, Jordan G.	12		
Abrami, Patrick F.	13		
Burns, Charles C.S.	14		
Doucette, Fred G.	15		
Edwards, Jess C.		2	
Bershtein, Alan	16		
TOTAL VOTE:	17	2	

Amendment to HB 480-FN

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5 college institution that is primarily located in New Hampshire;

6 (b) A collegiate sports event that takes place in New Hampshire;

7 (c) Any high school sports event in any location;

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21 from sports wagering activities within the state. The commission shall ensure that an agent
22 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
23 an agent, the commission shall consider, at a minimum, the experience and background of the
24 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's
25 mobile and Internet capabilities, the agent's contribution to economic development within the state,
26 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity
27 in betting. The commission shall select a group of bidders who best meet the criteria set forth in
28 this paragraph and select from that group the agent or agents whose bid provides the state with the
29 highest percentage of revenue from the sports wagering activities covered by the bid, provided that
30 the commission determines that the bidder's commitment to return said revenue percentage to the
31 state is consistent with the bidder's commitment to meet all other criteria specified in the bid
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Amendment to HB 480-FN

- Page 2 -

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13 I. Any town or city may allow the operation of a sports book retail location according to the
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16 wagers in the jurisdiction, if so authorized by the passage of this statute.

17 (a) In a town, the question shall be placed on the warrant of an annual town meeting
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19 body may vote to place the question on the official ballot for any regular municipal election, or, in
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21 upon submission to the legislative body of a petition signed by 25 of the registered voters.

22 (b) The selectmen, aldermen, or city council shall hold a public hearing on the question
23 at least 15 days but not more than 30 days before the question is to be voted on. Notice of the
24 hearing shall be posted in at least 2 public places in the municipality and published in a newspaper
25 of general circulation at least 7 days before the hearing.

26 (c) The wording of the question shall be substantially as follows: "Shall we allow the
27 operation of sports book retail locations within the town or city?"

28 II. If a majority of those voting on the question vote "Yes", sports book retail locations may
29 be operated within the town or city.

30 III. If the question is not approved, the question may later be voted upon according to the
31 provisions of paragraph I at the next annual town meeting or regular municipal election.

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33 consider rescinding its action in the manner described in paragraph I of this section.

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10 geographic borders of the state of New Hampshire and may not be intentionally routed outside of
11 the state. The incidental intermediate routing of electronic data shall not determine the location or
12 locations in which a bet or wager is initiated, received, or otherwise made.

13 IV. Wager limits for daily, weekly, and monthly amounts for each player and account
14 consistent with the best practices in addressing problem gambling.

15 V. A voluntary self-exclusion program for players to self-exclude themselves from wagering
16 for set periods of time.

17 VI. Security mechanisms to ensure the confidentiality of wagering and personal and
18 financial information except as otherwise authorized by this chapter.

19
20 Amend RSA 287-I:8 as inserted by section 1 of the bill by inserting after paragraph IX the following
21 new paragraph:

22
23 X. Any agent or contractor who sends or receives electronic data related to sports wagers is
24 responsible to ensure that any transfer of that data is initiated and completed within the state of
25 New Hampshire and that only incidental intermediate routing of the electronic data occurs outside
26 of the state. The agent and contractor shall be responsible for periodically reviewing their
27 information technology systems and networks to ensure compliance with this section.

28
29 Amend the bill by inserting after section 4 the following and renumbering the original section 5 to
30 read as 6:

31
32 5 New Chapter; Council for Responsible Gambling. Amend RSA by inserting after chapter 338-
33 A the following new chapter:

34 CHAPTER 338-B

35 COUNCIL FOR RESPONSIBLE GAMBLING

36 338-B:1 Definitions. In this chapter, "council" means the council for responsible gambling.

37 338-B:2 Statement of Purpose. Education, prevention, and treatment relating to gambling.

Amendment to HB 480-FN

- Page 4 -

1 disorders are an integral part of a responsible gaming environment within the state.

2 338-B:3 Establishment. There is established the council for responsible gambling which shall
3 promote education, prevention, and treatment of problem gambling within the state.

4 338-B:4 Membership.

5 I. The council shall consist of 5 members appointed by the governor and executive council
6 and shall be qualified in the field of addiction or mental health services with a focus on problem
7 gambling and shall be residents of the state. A member may be removed by the governor and
8 executive council only for cause shown in accordance with RSA 4:1. The members shall elect one of
9 their number as chairperson. Three members of the council shall constitute a quorum.

10 II. Members shall serve 3 year terms and until their successors are appointed; provided
11 that for the initial appointments only, one member shall be appointed to a term of one year, 2
12 members shall be appointed to a term of 2 years and 2 members shall be appointed to a term of 3
13 years. Any vacancy shall be filled for the unexpired terms.

14 III. Members of the council shall receive mileage at the rate of state employees when
15 attending meetings of the council or performing duties on behalf of the council.

16 338-B:5 Powers and Duties. The council shall have the authority to enter into grants and
17 contracts for the purposes of furthering education, prevention, and treatment of problem gambling
18 within the state.

19 338-B:6 Report of the Council. The council shall submit a biennial report to the governor and
20 executive council on or before October 1 of each even-numbered year. The report shall include a
21 description of the council's activities including a financial report for the relevant time period.

22 338-B:7 Administrative Attachment. The council shall be administratively attached to the
23 lottery commission in accordance with RSA 21-G:10. In addition to the support provided to an
24 administratively attached agency, the lottery commission shall also provide the following to the
25 council:

26 I. Funding in an amount not to exceed \$250,000 per fiscal year to conduct the activities
27 prescribed by this chapter. In accordance with the purpose of this chapter, these payments shall be
28 considered administrative expenses of the lottery commission as set forth in RSA 284:21-j.

29 II. Meeting and office space as reasonably required by the council to conduct the activities
30 prescribed by this chapter.

31 III. Personnel as reasonably required by the council to conduct activities prescribed by this
32 chapter, except that the lottery commission may charge the council for use of such personnel
33 pursuant to an agreement between the lottery commission and the council.

Sub-Committee Actions

HOUSE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE WORK SESSION on HB 480-FN

BILL TITLE: relative to sports betting.

DATE:

Subcommittee Members: Reps. Ames, Tucker, Griffith, Burns and Abrami

Comments and Recommendations:

OTP-A - Amendment 0974h

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr)
(Please circle one)

Moved by Rep. Abrami Seconded by Rep. Tucker AM Vote: _____

Adoption of Amendment # 0974h

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

Amendment Adopted Amendment Failed

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr)
(Please circle one)

Moved by Rep. _____ Seconded by Rep. _____ AM Vote: _____

Adoption of Amendment # _____

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

Amendment Adopted Amendment Failed

Respectfully submitted,

Rep. Richard Ames
Subcommittee Chairman Clerk

Amendment to HB 480-FN

1 Amend RSA 287-I:1, XI as inserted by section 1 of the bill by replacing it with the following:

2

3 XI. "Prohibited sports event" means:

4 (a) A collegiate sports event in which one of the participants is a collegiate team of a
5 college institution that is primarily located in New Hampshire;

6 (b) A collegiate sports event that takes place in New Hampshire;

7 (c) Any high school sports event in any location;

8 (d) Any amateur sports event where the participants are primarily under the age of 18;
9 provided that "prohibited sports event" does not include the games of a collegiate sports tournament
10 in which a New Hampshire college team participates, nor does it include any games of a collegiate
11 sports tournament that occurs outside New Hampshire even though some of the individual games
12 or events are held in New Hampshire; and provided further that sports wagers are permitted on
13 collegiate sports tournament games in which a New Hampshire college team participates only if the
14 outcome of the wager is based on the outcome of all games within the tournament.

15

16 Amend RSA 287-I:3-7 as inserted by section 1 of the bill by replacing them with the following:

17

18 287-I:3 Commission Agents. The commission shall conduct a sports book for sports wagering
19 through agents selected through a competitive bid process and approved by the governor and
20 executive council. Any such contract shall be based on the state receiving a percentage of revenue
21 from sports wagering activities within the state. The commission shall ensure that an agent
22 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
23 an agent, the commission shall consider, at a minimum, the experience and background of the
24 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's
25 mobile and Internet capabilities, the agent's contribution to economic development within the state,
26 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity
27 in betting. The commission shall select a group of bidders who best meet the criteria set forth in
28 this paragraph and select from that group the agent or agents whose bid provides the state with the
29 highest percentage of revenue from the sports wagering activities covered by the bid, provided that
30 the commission determines that the bidder's commitment to return said revenue percentage to the
31 state is consistent with the bidder's commitment to meet all other criteria specified in the bid
32 request and in applicable law. All agents shall be subject to criminal and financial background

Amendment to HB 480-FN

- Page 2 -

1 checks as prescribed by the commission. The commission may retain vendors to support the
2 commission in operating a sports book.

3 287-I:4 Commission Directed Sports Wagering. The commission is further authorized to
4 directly offer lottery games to authorized bettors within the state in the form of tier III sports
5 wagers through the commission's lottery retailers subject to the provisions of this chapter.

6 287-I:5 Sports Book Retail Operations. The commission and its agents are further authorized
7 to operate physical sports book retail locations within the state for the purposes of accepting tier I
8 and tier III sports wagers from authorized bettors and paying prizes relating to those wagers. The
9 sports book retail locations may be co-located with other commercial businesses or general
10 commercial retail locations. No more than 10 sports book retail locations may be in operation at any
11 given time.

12 287-I:6 Local Option for Operation of Sports Book Retail Locations.

13 I. Any town or city may allow the operation of a sports book retail location according to the
14 provisions of this subdivision, in the following manner, excepting that nothing in this section shall
15 be construed to prohibit Internet or mobile wagering or lottery games involving tier III sports
16 wagers in the jurisdiction, if so authorized by the passage of this statute.

17 (a) In a town, the question shall be placed on the warrant of an annual town meeting
18 under the procedures set out in RSA 39:3, and shall be voted on a ballot. In a city, the legislative
19 body may vote to place the question on the official ballot for any regular municipal election, or, in
20 the alternative, shall place the question on the official ballot for any regular municipal election
21 upon submission to the legislative body of a petition signed by 25 of the registered voters.

22 (b) The selectmen, aldermen, or city council shall hold a public hearing on the question
23 at least 15 days but not more than 30 days before the question is to be voted on. Notice of the
24 hearing shall be posted in at least 2 public places in the municipality and published in a newspaper
25 of general circulation at least 7 days before the hearing.

26 (c) The wording of the question shall be substantially as follows: "Shall we allow the
27 operation of sports book retail locations within the town or city?"

28 II. If a majority of those voting on the question vote "Yes", sports book retail locations may
29 be operated within the town or city.

30 III. If the question is not approved, the question may later be voted upon according to the
31 provisions of paragraph I at the next annual town meeting or regular municipal election.

32 IV. A municipality that has voted to allow the operation of sports book retail locations may
33 consider rescinding its action in the manner described in paragraph I of this section.

34 V. An unincorporated place may allow the operation of a physical sports book retail location
35 by majority vote of the county delegation, after a public hearing is held.

36 VI. The commission shall maintain a list of municipalities where sports book retail locations
37 may be placed into operation.

Amendment to HB 480-FN

- Page 3 -

1 287-I:7 Mobile Sports Wagering Authorized. The commission and its agent are authorized to
2 operate a sports book through a mobile sports wagering platform by mobile devices or over the
3 Internet. With respect to mobile sports wagering, the commission, either independently, or through
4 its agent, shall provide:

5 I. Age verification measures to be undertaken to block access to and prevent sports wagers
6 by persons under the age of 18 years.

7 II. Identity verification through secure online databases or by examination of photo
8 identification.

9 III. That electronic data related to sports wagers must be initiated and received within the
10 geographic borders of the state of New Hampshire and may not be intentionally routed outside of
11 the state. The incidental intermediate routing of electronic data shall not determine the location or
12 locations in which a bet or wager is initiated, received, or otherwise made.

13 IV. Wager limits for daily, weekly, and monthly amounts for each player and account
14 consistent with the best practices in addressing problem gambling.

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Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 480-FN

BILL TITLE: relative to sports betting.

DATE: February 7, 2019

LOB ROOM: 202 Time Public Hearing Called to Order: 10:03 a.m.

Time Adjourned: 11:04 a.m.

Committee Members: Reps. Almy, Ames, Malloy, Karrick, Schamberg, Bunker, Gomarlo, Griffith, Stringham, M. Griffin, Ulery, Abrami, Burns, Doucette, Edwards and Bershtein

Bill Sponsors:

Rep. Lang

Rep. Chirichiello

Rep. Morrison

Rep. Horn

Rep. Aldrich

Rep. Janvrin

Rep. Potucek

Rep. Goley

Rep. Soucy

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Tim Lang - introduced bill. supports. 8 states have passed sports gambling laws, industry already exists. Its underground right now. 25% of NH residents now bet on sports. submitting amendment on page 3, line 31. Bring on into the light and regulate the sports betting industry.

Rep. Jason Janvrin - Seabrook - supports

Charles McIntyre - NH Lottery - hard to put a number on up to \$400 billion in activity in industry. Fiscal note is a conservative estimate. Market is for longer than anticipated. Breadth and depth of sports betting is large! NCAA office Brackett pool is an example. Fiscal note needs to be reworked NE itself is very active in gambling - migrate the illegal market to legal market.

3 ways to wager - mobile Internet, retail sports book (agent), parlay wagering at location in state. Lottery should control this and limiting venue operators to market is preferable.

Bills regulatory framework - using an RFP process to get at # of agents would be appropriate for NH. 1/2 of 1% of \$400 billion is wagered in NH. Illegal activity has a natural ceiling to it so people will go to a lawful better activity. Auditing will occur to ensure the "fire is not on" the market place will determine how many "locations" it will sustain.

*Chris Cipolla - Draft kings, Boston - supports

*Andrew J. Winchell - Fan Duel, NY - supports - the Wire Act does not change our operational model and have complied with the Wire Act. Sports betting is a low margin business. UNLV document fund gives statistics - 4.7% margin in sports betting.

Jon Shoer, NECSEMA - opposed. Stoughton MA. New England convenience store and energy marketing associate - not opposed to sports betting - but opposed to this bill.

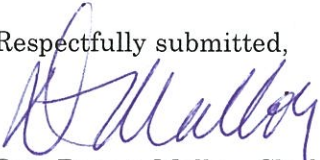
1) monopolistic nature of the bill as written.

2) Wire Act - sports betting on-line is prohibited. "Internet is entirely intrastate" who'd restrict on-line sports gambling. Sports betting is not the issue - its the unlicensed component of this and gets around the online piece so NH locations can participate.

*Andre Carrier, Seabrook Parlor, Eureka Casino - supports - Employee owned casino. Gave

statistics on popularity of sports gaming and people are in favor of state regulation. Sports gaming is here. Not being regulated or taxed. Wants a bricks and mortar component for internal controls. Wagering should only be done at Bricks and Mortar locations. Online wagering is not for everyone. Lots of betters don't have a smart phone or email address. Will build a facility that welcomes sports betting in Bricks and Mortar locations. One should open their account in the "flesh" in NH they can still bet online.

Respectfully submitted,



Rep. Dennis Malloy, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 480-FN

BILL TITLE: relative to sports betting.

DATE: 2/7/2019

ROOM: 202

Time Public Hearing Called to Order: 10:03

Time Adjourned: 11:04

(please circle if present)

Committee Members: Reps. Almy, Ames, Malloy, Karrick, Southworth, Schamberg, Tucker, Bunker, Gomaro, Griffith, Loughman, Stringham, Major, M. Griffin, Uery, Abrami, Burns, Doucette, Edwards and Bershtein

Bill Sponsors:

Rep. Lang
Rep. Horn
Rep. Potucek

Rep. Chirichiello
Rep. Aldrich
Rep. Goley

Rep. Morrison
Rep. Janvrin
Rep. Soucy

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Tim Lang introduces bill - support. 8 states have passed sports gambling laws. Industry already exists - its underground right now 25% of NH residents now bet on sports - submitting Amendment on page 3 - line 31 - Bring on into the light to regulate the sports betting industry.
Rep. Jason Janvrin Seabrook Rockingham 37 support
(Charles McIntyre) (John Compti) NH Lottery - Director NH Lottery (NH Lottery compliance officer) had to put a number on up to \$400k in activity in industry. Fiscal note is a conservative estimate market is far larger than anticipated

① 2/2/2019
480-FN

Breadth + Depth of sports betting is large! NCAA Bracket pool is an example. Fiscal note needs to be reworked NE itself is very active in gambling - migrate the illegal market to legal market -

(3 way to wager)

mobile internet / retail sports book / "padding" wagering at locations in state. ^{management}

lottery should control this and limiting license operators to market is preferable

#8 of bill is regulatory framework

Using an RFP process to get at # of agents would be appropriate for NH. 1/2 of 1% of

\$400 is wagered in NH.

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* Chris Cipolla - Draft Kings support Boston

* Andrew Winchell Fan Duel support New York

Writers testimony

The WIRE ACT does not change our operating model + have complied with the WIRE ACT. Sports betting is a low margin business.

UNLV document said gives statistics - 4-7% margin on sports betting

over

②

430FN
2/7/2019

* NRC S^EMA John Shaer opposes. Stoughton MA.
New England convenience store + energy marketing associate - not
opposed to sports betting - but opposed to this bill
① monopolistic nature of the bill as written -
② WIRE Act - sports betting on-line is prohibited
"internet is entirely interstate" - which restricts on-line sports
gambling → Sports betting a not issue - it's the unlicensed
component of this + gets around the line piece so NH location
can participate.

* Andre Carrier - Seabrook Eureka Casino Support
Employee owned casino. gave statistics on popularity of sports gaming + people are in favor
of state regulation. Sports gaming is here - not being
regulated or taxed. Wants a bricks + mortar
component for internal controls. Wagering should
only be done a B+M location → On line wagering
is not for everyone. lots of bettors don't have a smart phone
or email address - will build a facility that welcomes
sports betting in B+M location. One should open
their account in "the flesh" in NH can still bet
online.

Testimony



February 26, 2019

Dear Representative Ames and members of the subcommittee:

I write regarding HB480, relative to sports betting, behalf of the New Hampshire College and University Council (NHCUC), a non-profit consortium representing 21 accredited, not for profit, public and independent colleges and universities in New Hampshire.

While the NHCUC takes no formal position on HB480, we would respectfully ask the subcommittee to consider three items that we believe would protect the interests of our students and campus communities. Specifically:

- The current definition of “prohibited sports event” would allow betting on contests involving New Hampshire collegiate teams occurring outside of the state. We would ask the committee to consider tightening that definition, for example:

“Prohibited sports event” means any collegiate sport or athletic event that takes place in New Hampshire or a sport athletic event in which any New Hampshire college team participates regardless of where the event takes place. A prohibited sports event does not include the other games of a collegiate sport or athletic tournament in which a New Hampshire college team participates, nor does it include any games of a collegiate tournament that occurs outside New Hampshire even though some of the individual games or events are held in New Hampshire. A prohibited sports event includes all high school sports events but does not include international sports events in which persons under age 18 make up a minority of the participants.”

We believe this definition would prohibit all betting on New Hampshire collegiate teams but would allow betting on NCAA tournaments, including those in which New Hampshire teams are participating.

- Carefully weigh the impact of this new industry on college students and consider raising the betting age to 21 in order to limit or remove sports betting from most campuses.
- Finally, we understand the committee intends to develop a Council for Responsible Gaming. the state. We would ask the committee consider a specific charge to this council, particularly if the committee decides not to raise the betting age to 21, to aggressively monitor gaming activity among our state’s college students and to develop programs designed to prevent problem gaming among this population. Because of the potential impact this legislation will have on our campuses, the NHCUC would request to be considered for a seat on this important council, if applicable.



We thank you in advance for this consideration and for your support of New Hampshire's institutions of higher learning and their students, families, and alumni. We stand ready to assist you in any way we can.

My best,

A handwritten signature in black ink, appearing to read "Mike Vlacich", is written in a cursive style.

Mike Vlacich
President
New Hampshire College and University Council



Rapid Expansion of Sports Wagering Legislation in the U.S:

- Since the May 2018 Supreme Court decision, casinos and racetracks in 7 states -New Jersey, Delaware, Pennsylvania, Rhode Island, West Virginia and Mississippi have opened sports books.
- Arkansas and New York have passed bills to legalize or authorize sports betting but have yet to begin operations.
- By February 2019, an additional approximately 20 states had either active or pre-filed legislation to legalize sports betting.
 - **Texas, Hawaii, Kentucky, South Carolina, Tennessee and Virginia are among the states without casino gaming that are considering the legalization of sports gambling**
- In just the past two weeks, the states of Minnesota, Washington and Kentucky have all had Sports Wagering bills introduced.
 - Rep. Pat Garofalo wo unveiled the new Minnesota sports betting bill, reiterated one of his motivations as part of a press conference in the capital.
 - ***The primary benefits to Minnesotans from legalizing sports gambling are that you defund the criminal enterprises of the nation. You eliminate a revenue stream for potential money laundering.***
- New Hampshire’s neighbors, **Maine and Massachusetts**, both have had legislation introduced in the last 30 days.
 - These adjacent states would be expected to draw, to some extent, from New Hampshire residents.

More & More Americans Favoring Sports Wagering

The Washington D.C.-based American Gaming Association released results of a survey on Wednesday January 30, 2019: Some key highlights:

- ***Eight-out-of-10 Americans*** support legalizing sports betting in their states.
- In addition, **66%** of those questioned by Morning Consult believe regulation and oversight of gaming should be left to the individual states – viewed as a stance against a proposed federal regulation of sports betting.

One of the challenges, AGA Senior Vice President of Public Affairs Sara Slane said during a conference call following the release of the survey information, ***is providing those who want to***

wager on sports safe and regulated alternatives to the corner bookie or off-shore betting operations accessed through the Internet.

The Sports Wagering Market

The scope of illegal sports betting activity in the US is inherently difficult to measure. Such gaming occurs in a variety of formats, including, for example, betting with bookies, online betting with offshore operators, and through casual forms, such as office pools. Unlike regulated gaming, which is tracked in detail at the state level, statistics for illegal gaming are not gathered.

Several organizations have estimated illegal gaming activity in the US. (1) These include:

- H2 Gambling Capital, a betting market intelligence firm, estimated that U.S. gamblers made \$196.2 billion in illegal sports bets in 2016, including both gambling with licensed off-shore websites and black-market bookmakers.
 - To put it in perspective, Americans spent more on illegal sports betting than on household appliances, televisions and baked goods combined, according to H2's report and data from the federal Bureau of Economic Analysis.
- The American Gaming Association has estimated that illegal sports betting is a \$150 billion market in the U.S.
- The firm Eilers & Krejcik Gaming has estimated \$50 billion to \$60 billion in black market wagers.

Brick & Mortar vs. On-Line

- While a number of the states that have initiated gaming since the May 2018 ruling include some form of on-line capabilities, all have a “brick and mortar” component.
 - Rhode Island, Mississippi and Delaware currently only take bets in person.
 - Internal controls, monitoring, and compulsive gaming are some of the reason why brick and mortar wagering is in place.
 - In Nevada, sports books have long been a draw for casinos as in addition to wagering, customers spend money on food and beverage, retail, etc.
 - Accordingly, driving customers into facilities, provides more economic impact for the state. ***Should New Hampshire implement Sports Wagering with a mobile component, it's should focus on having customers set up accounts and redeem at brick and mortar locations.***
- The U.S. Department of Justice recently reversed the interpretation of the Wire Act claiming it applies to all forms of interstate gaming.
 - Allowing initially for Sports Wagering in New Hampshire to occur only in physical Brick and Mortar locations may be a step to moving forward while the DOJ's decision is debated and resolved.

The Need For Professional Management

- We have a long and professional relationship with some of the top Sports Book operators in the country.
- Eureka Mesquite and its subsidiary Seabrook Greyhound Park is a 100% employee-owned business that has professionally collected and payed wagers in New Hampshire for nearly 50 years and in Nevada for several decades. We have the professional, experienced staff, we are licensed by the state of New Hampshire, highly regulated and have the systems and facility to manage sports wagering.

Proposed Changes and Additions to HB 480:

287-I:6 Local Option for Operation of Sports Book Retail Locations.

Add: IV-a. An unincorporated place may allow the operation of a physical Sports Book retail location by majority vote of the county delegation, after a public hearing is held.

287-I:7 Mobile Sports Wagering Authorized.

Amend: (3) That electronic data related to sports wagers must be initiated and received within the geographic borders of the State of New Hampshire and may not be intentionally routed outside of the state. The incidental intermediate routing of electronic data shall not determine the location or locations in which a bet or wager is initiated, received, or otherwise made.

287-I:8 Sports Wagering Supervision.

Add: X. Any Agent or contractor who sends or receives electronic data related to sports wagers is responsible to ensure that any transfer of that data is initiated and completed within the State of New Hampshire and that only incidental intermediate routing of the electronic data occurs outside of the state. The Agent and contractor are responsible for periodically reviewing their information technology systems and networks to ensure compliance with this section.

Sections which are clarified or amended by HB2:

287-I:3 – Sentence on 10 percent of revenues to services for problem gamblers removed (Page 2-Line 38 to Page 3 – Line 2).

287-I:4 and 5 have been further clarified to indicate the types of games available at Lottery retailers and physical sports book locations.

287-I:6, I has been amended to clarify that the local option does not apply to lottery games authorized under this statute.

287-I:9 has been amended to eliminate the reference to the Education Trust Fund and remove the reference to money for problem gambling.

The addition of CHAPTER 338-B - STATE OF NEW HAMPSHIRE COUNCIL FOR RESPONSIBLE GAMING

2/7/2019

FanDuel Written Testimony
Andrew Winchell - Director, Government Affairs, FanDuel Group
New Hampshire House of Representatives –Ways and Means Committee
HB 480
February 7, 2019

Chairman Almy, Members of the Committee, thank you allowing me to testify today on House Bill 480.

My name is Andrew Winchell and I am the Director of Government Affairs of FanDuel Group, Inc. FanDuel was founded as a fantasy sports company in 2009. For those of you who are unfamiliar with fantasy sports, they are contests with entry fees and prizes, where participants select a roster of real-world athletes and are awarded points based on a pre-established scoring system for the performance of those athletes. Whoever has the most points, wins. FanDuel's innovation back in 2009 was to make these contests last a day or a week rather than an entire season, and to create a great mobile experience for sports fans.

Fantasy sports and daily fantasy sports have continued to grow in popularity and scale over the last decade, and we currently operate paid fantasy sports contests in 41 states and the District of Columbia. Our success to date in generating a user base of over 7 million players has derived from our ability to innovate and create a unique experience that resonates with sports fans. While fantasy sports are distinct from sports betting, our experience has been key to developing the type of first-class mobile sports betting product that appeals to fans.

With the United States Supreme Court ruling last May in *Murphy v. NCAA* that the federal ban on sports betting was unconstitutional, many states across the country are excited about the prospect of legalizing sports wagering within their borders. We are equally excited about pursuing opportunities to bring our proven track record in operating a mobile-first sports entertainment business to new markets, as we have already done with our retail and mobile sportsbooks in New Jersey and West Virginia.

In opening a lawful market for sports betting however, we cannot overlook the fact that a current market for those who want to bet on sports online exists today – an illegal market run by offshore sites has been thriving for years and continues to advertise heavily to users in New England. These offshore sites are not regulated, do not provide any tax revenue, and do not provide any consumer protections. To shift consumer demand from the offshore market to the legitimate market, New Hampshire will need to create a free market where robust competition from experienced operators, subject to a reasonable tax rate, ensures that lawful products make for a compelling offering.

Importantly, we've seen first-hand that healthy competition in the marketplace is the strongest driver of this innovation, as operators strive to offer consumers more choice, variety and better pricing across their products to keep users engaged. We believe that our products offer a great user experience, but we also recognize that multiple operators offering an array of products grows the overall customer population. If the goal is to eliminate the unlawful market and capture as much of that activity on legal, regulated platforms, then we believe an open market that permits real competition amongst experienced operators is the only legitimate choice for New Hampshire.

We are encouraged by the willingness of Rep. Lang and Executive Director McIntyre to address the issue of a competitive sports betting marketplace, and urge the legislature to follow in the footsteps of successful early adopter sports betting states like New Jersey, where the early revenue numbers attest to the power of a competitive and mobile sports betting market. New Jersey saw \$184 million in wagers in the month of September alone, the first full month of operation for most mobile operators. That figure rose to \$260 million in wagers in October with 67% coming from online bets, \$330 million in wagers in November with 72% being placed via online bets, and \$319 million in wagers in December with 75% being bet through online platforms.

Thank you, and I am happy to answer any questions.

Testimony Ways & Means Committee
NH House
Sports Wagering
2/7/2019



Let me begin by thanking the Committee for the opportunity to speak this morning. By way of introduction, my name is Andre Carrier and I am the Chief Operating Office of Eureka Casino Resorts, the 100% Employee-owned Company, who last week completed its purchase of Seabrook Park. On background, I grew up here in New Hampshire, went on to graduate from Cornell and in my 25 year career I have held C-level positions with Mirage Resorts, MGM-Mirage and Golden Nugget. In 2015, my partner Greg Lee and I converted our family-owned Resort Casino Company into an ESOP, making it one of only two employee-owned Casino Companies in America. We describe ourselves as a core values centric organization and central to those values is being of service to our guest, our employee-owners and our community. That mindset and soul, I believe, led us to be named to Fortune Magazine's list of Top 100 Companies to work for in 2018.

Greg and I are both very pleased that our efforts to diversify our company have brought us home to New Hampshire, a place with fond memories and a promising future. We hope our Company's arrival here in New Hampshire is seen as a resource to our community, the men and women of this state, regulators and this legislative body. We intend to work diligently to make improvements to the long established gaming business at Seabrook Park. We have already operationally joined the Pari-Mutuel Betting and Charity Casino operations. We have already begun our phase one remodel of the facility. And we hope we have already begun to bring hope and excitement to the many wonderful long term employees of Seabrook Park. In the days, weeks, months and years to come as this body considers, if, when and how to utilize Gaming Expansion as an opportunity to grow the granite state's revenues please know that you now have an experienced, highly regulated, well capitalized, 100% Employee-owned, New Hampshire company ready to be of service in your journey.

With that, I hope to be of service today by offering my experiences with sports betting and data and information regarding the industry and competitive landscape.

Following the Supreme Court decision last May striking down the federal ban on sports betting activity, the American Gaming Association conducted a nationwide survey on the topic of sports betting in America. Here are some of the findings:

- 63% of those surveyed supported the Supreme Court's decisions
- 66% of those surveyed believe that regulation of and oversight of sports betting should be left to the individual state
- And 8 out of 10 Americans support legalized sports betting

Following the Supreme Court's decision in May, 7 States: Delaware, New Jersey, Mississippi, New Mexico, West Virginia, Pennsylvania and Rhode Island enacted sports wagering regulation. Since that time 15 additional states have pre-filed legislation to legalize sports betting. Two of the states on that list of greatest interest to this body are **Maine** and **Massachusetts**.

Sports Wagering is not coming to America it is here and most estimates place the size of the Sports Betting markets at between 50 to 60 Billion Dollars. Seabrook Park has been operating a

regulated and taxed sports wagering business in New Hampshire for nearly 50 years with many many long tenured employees still in place today to chronicle its history. With that said, I sit here this morning to advocate for them to support legislation which would allow sports wagering in New Hampshire. There are many in New Hampshire who are participating in sports wagering today. They are betting at sports books in Rhode Island, or through online sports wagering applications in places like Costa Rica or Antigua, or with illegal book-making operations with parley cards delivered weekly to businesses and homes innocently enough by your coworker or your milk man. The people making these bets are not isolated to a certain stereotype of person, the people making these bets are our friends, our neighbors, our spouses, and yes, even our mothers. Sports betting is happening in New Hampshire, what is not happening is it is neither being regulated, nor is it being taxed. Further it is not being managed to properly maximize its economic impact.

It is for that reason that I specify that though our employee-owned New Hampshire gaming company supports legislation to allow Sports Wagering it does so with the condition that the wagering has a bricks and mortar component. Wagering accounts should be opened in bricks and mortar locations as this is essential for proper regulatory oversight and internal controls. Winnings or redemptions from wagering accounts should be done at bricks and mortar locations for these same reasons. You need to see and know who you are paying. You need to know who the better is, and how old they are in order to manage the process responsibly. Further by incorporating a bricks and mortar component, visits are driven to businesses that can lead to additional taxable revenue opportunities and expanded employment. Further, online wagering is not for everyone, having it as your only methodology to place wagers limits the revenue creation opportunity. Simply put, there are people who bet the Kentucky Derby who will not bet another horse race the rest of the year and they will not open an online wagering account just to bet the one race. Equally true, I have hundreds of betters each day in our business who make 100s of bets a year who have neither a smart phone nor an e-mail address and they definitely would have bet the Pats and the under last week. Online sports wagering is an incomplete revenue tool and an underperforming regulatory tool. It is why Nevada has long since done sports wagering through Bricks and Mortar, why New Jersey did the same and Rhode Island as well.

Let me be clear our company will be affected by the decision made by this body. Should sports betting be legalized in NH without our business having the opportunity to participate in those trips some of the gaming budget of our existing customer will be lost to sports betting, further weakening our declining revenue line. Should it not act but should Maine and Massachusetts choose to legalize sports betting, we will lose revenue from our existing customers. But should sports betting be approved and our facility be licensed to be a bricks and mortar location to place sports bets we will build an environment to compel visits from our neighbors in the Bay State and Vacationland and we will serve this body, and the men and women of New Hampshire by importing their tax revenue and I am sure other New Hampshire businesses will do the same.

Again I am thankful to have been given this time, I hope I was of service and I am happy to answer any questions the committee may have.



February 7, 2019

New Hampshire General Court
House Ways and Means Committee

HB 480
An Act Relative to Sports Betting

Testimony in Opposition

Dear Chairwoman Almy, Vice Chairman Ames and members of the committee:

The New England Convenience Store & Energy Marketers Association (NECSEMA) represents the interests of single site and chain convenience retailers, transportation fuels distributors and the businesses which supply them in the state of New Hampshire and throughout New England. According to the National Association of Convenience Stores, New Hampshire is home to almost 900 convenience stores employing over 13,000 people and accounting for approximately \$3.5 billion in total sales.

NECSEMA is not opposed to sports betting as a concept. In fact, we believe legalizing and regulating it can serve several valuable services including moving money out of the black market, generating revenue for the state, and creating a new revenue source for lottery agents. However, HB 480 authorized the Lottery Commission to conduct sports betting through one authorized agent which will monopolize the product, and allows the Commission to offer sports betting via the internet – a direct violation of federal law. For these reasons, NECSEMA is opposed to HB 480 and encourages this committee to do the same.

By offering sports betting online, New Hampshire will run afoul of two federal laws – The Wire Act and the Unlawful Internet Gambling Enforcement Act (UIGEA). When the US Supreme Court struck down the Professional and Amateur Sports Protection Act (PASPA) last May, calling it a violation of the Tenth Amendment to the Constitution, a number of states rushed to legalize sports betting. Given the decision, states are well within their rights to operate or license sports books in casinos or other regulated venues. But another part of the law related to gambling, the Wire Act, prohibits gambling from being conducted in interstate commerce in the United States over telecommunication lines, or “the wires”.

The Wire Act was first signed into law in 1961 as part of an effort by the Justice Department, led by then Attorney General Robert Kennedy, to cut off the funding sources for organized crime in the United States. The law was enacted to prevent the interstate phone and wire system from being used to transmit wagers and information used by illicit gambling operations. In more modern times the law has been equally applied to the internet. But in 2011, a Department of Justice Office of Legal Counsel (OLC) opinion, which temporarily narrowed the Wire Act’s authority, caused many states to ignore the Wire Act with respect to online lottery (including New Hampshire). However,

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what the opinion did not ever cease from regulating is sports betting. Even the DOJ opinion dramatically narrowing the scope of the Wire Act made clear that the one thing that there is no doubt under the Wire Act cannot be done using the wires in interstate commerce is sports betting.

For states anxious to legalize online sports betting, or expand existing sports betting operations to online, this is a problem. Courts in a number of cases have held that website and messages on the internet are travelling in interstate commerce. In fact, several US circuit courts of appeals have found the internet is inherently interstate commerce. Other courts have found all that needs to be done to show an internet communication did travel in interstate commerce is to demonstrate the communication went to servers in more than one state which is virtually every internet communication. Some states have tried to work around this fact by citing the "intrastate safe harbor" provision in the UIGEA, claiming it authorizes internet gambling so long as it is conducted within a single state. However, this provision does not authorize internet gambling even if the transaction originates and ends in a single state, nor does it authorize the use of US financial instruments to facilitate such transactions barred under the Act. The UIGEA prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the internet and that is unlawful under any federal or state law. The Act also requires Treasury and the Federal Reserve Board (in consultation with the U.S. Attorney General) to promulgate regulations requiring certain participants in payment systems that could be used for unlawful Internet gambling to have policies and procedures reasonably designed to identify and block or otherwise prevent or prohibit the processing of restricted transactions. Despite HB480 being vague on how sports betting accounts will be funded and how specific bets are to be transacted, the Act clearly prohibits credit card companies or other payment methods and platforms from allowing these transactions.

Fortunately, there is a legal alternative for New Hampshire to offer sports betting. The state's brick and mortar lottery agents, including convenience stores, offer over 1,400 potential locations for sports betting locations. These agents are already familiar with the rules and regulations governing age-restricted lottery products, have invested resources in equipment and training, and have a relationship with the New Hampshire Lottery. NECSEMA can provide model legislation if you are willing to consider this legal, first step toward expanded sports betting.

Another issue NECSEMA has with HB 480 is that it creates a monopoly for the Agent in operating sports book retail locations, or, at best, remains silent on how the Commission's Agent shall go about selecting retail location partners, if any.

- (287-I:3) ... *through **an agent** selected through a competitive bid process*
- (287-I:5) *The Commission and its agent may operate physical sports book retail locations...*

As stated above, there are 1,400 retail lottery agents scattered throughout the state tailor-made to serve as sports betting retail locations. This path is both legal, efficient and would reward businesses who have already invested in their communities and New Hampshire.

Very truly yours,



Jonathan Shaer
Executive Director
jon@necsema.net
781-297-9600 x3

2/7/2019



Testimony Before New Hampshire House of Representatives –Ways and Means Committee
House Bill 480 – February 7, 2019

Christopher Cipolla
Senior Manager, Government Affairs
DraftKings Inc.

Chairwoman Almy, Members of the Committee:

Thank you for allowing me to testify today on House Bill 480. My name is Christopher Cipolla and I am the Senior Manager for Government Affairs at DraftKings Inc. (“DraftKings”).

DraftKings was launched in 2012 as a daily fantasy sports company with the goal of bringing sports fans closer to the games they love. Since that time, DraftKings has evolved into a global sports entertainment company with more than ten million customers throughout the world.

In May of this past year the United States Supreme Court invalidated the Professional and Amateur Sports Protection Act of 1992 (“PASPA”), which paved the way for states to legalize sports wagering within their borders. Shortly thereafter, DraftKings entered the newly expanded sports wagering industry and in August, we became the first mobile sports wagering application offered outside the state of Nevada, when we launched in New Jersey. As the top mobile sportsbook in the state of New Jersey, and a regulated operator in multiple jurisdictions, we appreciate the opportunity to participate in today’s hearing in order to discuss the importance of New Hampshire embracing a competitive, fully mobile sports wagering market.

New Hampshire is not alone, as is clear when you look around the country and see that more than twenty states are actively considering legislation in connection with sports wagering. We believe this number will continue to rise as 2019 progresses, and that every New England state will either be live with sports wagering or actively considering a bill this year.

It is important to recognize that sports betting is already taking place in New Hampshire. According to studies published by the American Gaming Association and Ernst and Young, more than 276,000 New Hampshire residents are currently betting on sports illegally. Nearly all of these wagers are placed online through offshore websites, in the robust illegal market. This massive illegal market lacks necessary consumer protections and generates no revenue for the state of New Hampshire. In order to impact the illegal market in a significant way, the Legislature must allow for a competitive, fully mobile sports betting market with a reasonable tax rate.



Contrary to the thriving offshore market, DraftKings takes seriously the issues of underage wagering and problem gambling. At DraftKings, we use “know your customer” technology to ensure underage individuals are not able to create an account, deposit, or wager through our website or application. When verifying a customer’s identification, a check is conducted using the following demographic information: first name, last name, physical address, date of birth, social security number, and geolocation of the customer. The verification process is facilitated using multiple vendors and, only upon successful verification, is the customer able to create an account.

Additionally, for the small segment of the population that struggles with gambling, we provide safeguards that allow customers to set their own deposit and play limits and to self-exclude from participation should they choose. Further, by tracking wagers placed through the application or online, mobile operators such as DraftKings can identify and flag potentially problematic betting behavior more quickly and accurately than in-person sports wagering.

Multiple operators competing with one another will increase the overall economic impact that sports wagering has in New Hampshire. More operators will not only lead to a better product and customer engagement, it also means marketing opportunities for local establishments and more revenue to the state. The more options a customer has, the more attractive the market will be to those bettors currently participating in the illegal market. Options, in addition to the convenience of a fully mobile sports wagering market will serve to drive the most customers from the illegal market into the regulated environment, which will be a win for the state of New Hampshire on multiple levels.

We look forward to working closely with the Legislature to create a sports wagering framework that allows for a competitive, fully mobile sports wagering market, protects consumers, and generates revenue for the state, all while stamping out the pervasive illegal market.

Thank you, and I am happy to answer any questions.

Fiscal Note

HB 480-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to sports betting.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue (Low - High)	\$0	\$1,500,000 - \$7,750,000	\$2,100,000 - \$10,750,000	\$2,750,000 - \$13,500,000
Expenditures	\$250,000	\$796,000	\$817,000	\$837,000
<i>Funding Source:</i>	<input type="checkbox"/> General Fund <input checked="" type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Lottery			

METHODOLOGY:

This bill authorizes the Lottery Commission to conduct sports betting directly or through an authorized agent via the use of mobile internet devices and through physical sports book retail establishments. This bill also creates a new division within the commission to oversee and regulate sports betting.

The Lottery Commission made the following assumptions in producing an estimate on revenue and expenditures:

- This bill will pass on or before July 1, 2019;
- The request for proposal (RFP) process will result in a contracted Sports Betting Agent on or before January 1, 2020 with the first sports wagers being offered around July 1, 2020;
- The RFP will result in a revenue sharing model consistent with industry standards and other states with sports betting;
- User migration from illegal sports wagering will gradually migrate to legal sports betting over several years and the number of sports wagering channels will gradually increase over the first few years;
- Due to the gradual increase in sports betting over time, revenue will be 35 percent of potential in FY 2021, 50 percent of potential in FY 2022, 65 percent of potential in FY 2023, and full potential revenue will not be reached until year FY 2025;
- The "house" win percentage will average between a low estimate of 3% and high estimate of 7.5% of the total amount bet, which is based on industry experience;

- The Division of Sports Wagering will be staffed with nine employees;
- Information Technology expenditures will be \$250,000 in FY 2020 to procure equipment and services needed to fully integrate a contractor gaming system and additional information technology support expenditures will be \$75,000 in each year thereafter.

Full potential of sports betting revenue is estimated by producing a conservative estimate of total illegal sports betting dollars in America using industry estimates of \$40-80 billion nationally and developing a per capita number for the country of \$106 to \$216 (\$40-80 bill over 370 million people in America equals \$106 to \$216). The per capita range, when applied to 1.3 million NH residents equals total sports betting in New Hampshire of approximately \$140 million to \$280 million. Based on the above assumptions and the estimated potential for sports betting in New Hampshire, the Lottery Commission estimates a range of revenue and expenditures as follows:

	FY 2020	FY 2021	FY 2022	FY 2023
Revenue Estimates (Education Trust Fund)				
Estimated State Revenue (Low)	\$0	\$1,500,000	\$2,100,000	\$2,750,000
Estimated State Revenue (High)	\$0	\$7,500,000	\$10,500,000	\$13,500,000
Expenditures (Lottery Fund)				
Salary and Wages (9 positions)	\$0	\$721,000	\$742,000	\$762,000
Information Technology	\$250,000	\$75,000	\$75,000	\$75,000
Total Estimated Expenses	\$250,000	\$796,000	\$817,000	\$887,000

Below is a breakdown of the nine positions with an anticipated start date of July 1, 2020 which will comprise the new division within the Lottery Commission.

Positions (Salary and Benefits)	FY 2020	FY 2021	FY 2022	FY 2023
Two Enforcement Investigators (LG 16, Step 4)	\$0	\$136,000	\$140,000	\$144,000
Two Agency Audit Managers (LG 25, Step 1)	\$0	\$162,000	\$166,000	\$170,000
One Business Systems Analyst I (LG 28, Step 5)	\$0	\$102,000	\$105,000	\$108,000
One Director of Sports Wagering	\$0	\$114,000	\$117,000	\$120,000
One Account Clerk III (LG 21, Step 5)	\$0	\$80,000	\$83,000	\$85,000
One Account Clerk I (LG 16, Step 3)	\$0	\$66,000	\$68,000	\$70,000
One Program Assistant I (LG 12, Step 4)	\$0	\$61,000	\$63,000	\$65,000
Total Expenditures	\$0	\$721,000	\$742,000	\$762,000

AGENCIES CONTACTED:

Lottery Commission

Bill as Introduced

HB 480-FN - AS INTRODUCED

2019 SESSION

19-0211
08/03

HOUSE BILL **480-FN**

AN ACT relative to sports betting.

SPONSORS: Rep. Lang, Belk. 4; Rep. Chirichiello, Rock. 6; Rep. Morrison, Rock. 9; Rep. Horn,
Merr. 2; Rep. Aldrich, Belk. 2; Rep. Janvrin, Rock. 37; Rep. Potucek, Rock. 6;
Rep. Goley, Hills. 8; Rep. Soucy, Merr. 16

COMMITTEE: Ways and Means

ANALYSIS

This bill establishes a system within the lottery commission for sports betting.

.....

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

1 conduct of sports wagering.

2 (d) Any contractor or employee of an entity that conducts sports wagering in another
3 jurisdiction when the bettor possesses confidential nonpublic information as a result of his or her
4 contract or employment relating to the wager being placed.

5 (e) Any amateur or professional athlete if the sports wager is based in whole or part on
6 a sport or athletic event overseen by the athlete's governing sports body.

7 (f) Any sports agent, owner or employee of a team, player, umpire, referee, coach, union
8 official, or official of a sports governing body if the sports wager is based in whole or part on a sport
9 or athletic event overseen by the governing body which oversees the individual's sport.

10 (g) Any individual placing a wager as an agent of or proxy for a prohibited sports bettor.

11 (h) Any person under the age of 18.

12 XI. "Prohibited sports event" means any collegiate sports event that takes place in New
13 Hampshire, any high school sports event, and any amateur sports event where the participants are
14 primarily under the age of 18.

15 XII. "Sports governing body" means the organization that prescribes final rules and
16 enforces codes of conduct with respect to a sporting event and participants therein.

17 XIII. "Sports book" means the business of accepting wagers on any sports event by any
18 system or method of wagering.

19 XIV. "Sports wager" means cash or cash equivalent paid by an individual to participate in
20 sports wagering.

21 XV. "Sports wagering" means wagering on sporting events or any portion thereof, or on the
22 individual performance statistics of athletes participating in a sports event, or combination of sports
23 events, by any system or method of wagering, including but not limited to in person communication
24 and electronic communication through Internet websites accessed via a mobile device or computer
25 and mobile device applications. The term sports wagering shall include, but not be limited to, single
26 game bets, teaser bets, parlays, over-under bets, money line bets, books, exchange wagering, in
27 game wagering, in-play bets, proposition bets, and straight bets.

28 XVI. "Tier I sports wager" means a sports wager that is placed before the start of the sports
29 event and is determined solely by the final score or final outcome of that single sports event.

30 XVII. "Tier II sports wager" means an in-play sports wager.

31 XVIII. "Tier III sports wager" means a sports wager that is neither a tier I or tier II wager.

32 287-I:2 Sports Book Authorized. The commission is authorized to operate a sports book for the
33 purposes of accepting and paying sports wagers by authorized bettors within the state in
34 conformance with the requirements of this chapter.

35 287-I:3 Commission Agent. The commission shall conduct a sports book for sports wagering
36 through an agent selected through a competitive bid process and approved by the governor and
37 executive council. Any such contract shall be based on the state receiving a percentage of revenue
38 from sports wagering activities within the state. Ten percent of the revenue sharing proceeds to be

1 paid to the state under this agreement, less the administrative costs of the commission, shall be
 2 designated for treatment and prevention services for problem gamblers. The commission shall
 3 ensure that an agent demonstrates financial stability, responsibility, good character, honesty, and
 4 integrity. In selecting an agent, the commission shall consider, at a minimum, the experience and
 5 background of the entity, the proposed locations for sports book retail locations, mobile and Internet
 6 capabilities, economic development within the state, and revenue sharing opportunities for the
 7 state. All agents shall be subject to criminal and financial background checks as prescribed by the
 8 commission.

9 287-I:4 Commission Operated Sports Book. The commission is further authorized to directly
 10 operate a sports book for sports wagering. The commission may retain vendors to support the
 11 commission in operating a sports book.

12 287-I:5 Sports Book Retail Locations. The commission and its agent may operate physical
 13 sports book retail locations within the state for the purposes of accepting and paying prizes relating
 14 to sports wagers. The sports book retail locations may be co-located with other commercial
 15 businesses or general commercial retail locations.

16 287-I:6 Local Option for Operation of Sports Book Retail Locations.

17 I. Any town or city may allow the operation of a sports book retail location according to the
 18 provisions of this subdivision, in the following manner, excepting that nothing in this section shall
 19 be construed to prohibit Internet or mobile wagering in the jurisdiction, if so authorized by the
 20 passage of this statute.

21 (a) In a town, the question shall be placed on the warrant of an annual town meeting
 22 under the procedures set out in RSA 39:3, and shall be voted on a ballot. In a city, the legislative
 23 body may vote to place the question on the official ballot for any regular municipal election, or, in
 24 the alternative, shall place the question on the official ballot for any regular municipal election
 25 upon submission to the legislative body of a petition signed by 25 of the registered voters.

26 (b) The selectmen, aldermen, or city council shall hold a public hearing on the question
 27 at least 15 days but not more than 30 days before the question is to be voted on. Notice of the
 28 hearing shall be posted in at least 2 public places in the municipality and published in a newspaper
 29 of general circulation at least 7 days before the hearing.

30 (c) The wording of the question shall be substantially as follows: "Shall we allow the
 31 operation of a sports book retail location within the town or city?"

32 II. If a majority of those voting on the question vote "Yes", sports book retail locations may
 33 be operated within the town or city.

34 III. If the question is not approved, the question may later be voted upon according to the
 35 provisions of paragraph I at the next annual town meeting or regular municipal election.

36 IV. A municipality that has voted to allow the operation of sports book retail locations may
 37 consider rescinding its action in the manner described in paragraph I of this section.

38 V. The commission shall maintain a list of municipalities where sports book retail locations

1 may be placed into operation.

2 287-I:7 Mobile Sports Wagering Authorized. The commission and its agent are authorized to
3 operate a sports book through a mobile sports wagering platform by mobile devices or over the
4 Internet. With respect to mobile sports wagering, the commission, either independently, or through
5 its agent, shall provide:

6 I. Age verification measures to be undertaken to block access to and prevent sports wagers
7 by persons under the age of 18 years.

8 II. Identity verification through secure online databases or by examination of photo
9 identification.

10 III. That sports wagers shall be limited to transactions initiated and completed within the
11 geographic borders of New Hampshire.

12 IV. Wager limits for daily, weekly, and monthly amounts for each player and account
13 consistent with the best practices in addressing problem gambling.

14 V. A voluntary self-exclusion program for players to self-exclude themselves from wagering
15 for set periods of time.

16 VI. Security mechanisms to ensure the confidentiality of wagering and personal and
17 financial information except as otherwise authorized by this chapter.

18 287-I:8 Sports Wagering Supervision. The commission shall create a division of sports
19 wagering which will be responsible for ensuring compliance with the requirements of this chapter
20 and any rules promulgated by the commission in accordance with the authorities granted under
21 this chapter. In addition, the division, under the direction of the director and commission, shall
22 ensure that the commission's agents and vendors comply with the following obligations:

23 I. Each agent or vendor engaged in sports wagering shall submit a security and internal
24 control report for the division's review and approval prior to conducting any sports wagering within
25 the state and every year thereafter. This report shall address all aspects of security and controls
26 including physical security, personnel security, and computer systems security including:

27 (a) Surveillance plans for all retail sports book locations, including surveillance
28 coverage and direct access for the commission to the surveillance system.

29 (b) User access controls for sports book personnel.

30 (c) Segregation of duties within the sports book.

31 (d) Employment background checks and policies.

32 (e) Automated and manual risk management procedures.

33 (f) Procedures for identifying and reporting fraud and suspicious conduct.

34 (g) Procedures to establish connectivity with monitoring services and/or sports
35 governing bodies relating to suspicious activity.

36 (h) Any and all monitoring systems utilized by the agent or vendor to report and receive
37 information on suspicious betting activities.

38 (i) Systems and procedures to prevent prohibited sports bettors from placing wagers.

- 1 (j) Description of anti-money laundering compliance standards.
2 (k) Descriptions of all integrated third-party systems or components and the security
3 procedures relating to those systems.

4 II. For each wagering computer system used to conduct sports wagering, including all
5 mobile sports wagering platforms within the state, the agent or vendor providing such system shall
6 provide a detailed computer system security report to be approved by the commission prior to the
7 acceptance of wagers and each year thereafter. The report shall address the issues set forth in the
8 security and internal control report along with the following:

9 (a) Documented system security testing performed by a licensed third-party contractor
10 approved by the commission;

11 (b) A description of all software applications that comprise the system;

12 (c) A procedure for third-party auditing of financial transactions received by the system;

13 (d) A description of all types of wagers supported by the system;

14 (e) Unique identification and verification systems for wagers;

15 (f) Procedures to prevent past posting of wagers;

16 (g) A list of data recorded relating to each wager;

17 (h) System redundancy to ensure recording of wagers during a system outage;

18 (i) A mechanism to provide read only access to the commission to the back office system
19 for the purposes of reviewing and auditing wagering activities;

20 (j) Integration with an independent control system to ensure integrity of system
21 wagering information;

22 (k) Capabilities for canceling existing wagers, freezing or suspending wagering across
23 the platform, or for specific events; and

24 (l) Any other issue identified by the division upon review of the proposed gaming
25 system.

26 III. Each agent engaged in sports wagering shall submit house rules for the division's
27 review and approval prior to conducting any sports wagering within the state and every year
28 thereafter. These house rules shall include at a minimum:

29 (a) The method for calculation and payment of winning wagers.

30 (b) The effect of schedule changes for a sports event.

31 (c) The method of notifying bettors of odds or proposition changes.

32 (d) Acceptance of wagers at terms other than those posted.

33 (e) Expiration dates for winning tickets.

34 (f) Rules for payment of wagers made after a material error in setting odds or a
35 proposition for an event by the sports book.

36 (g) Method of contacting the agent or vendor for questions or complaints.

37 (h) Description of those persons who are prohibited from wagering with the agent or
38 contractor if broader than the prohibited bettors list set forth in this section.

1 (i) The method and location for posting and publishing the approved house rules.

2 IV. Each agent or vendor engaged in sports wagering shall submit accounting controls for
3 the division's review and approval prior to conducting any sports wagering within the state and
4 every year thereafter. These accounting controls shall include at a minimum:

5 (a) A process for documenting and verifying beginning of day cash balance;

6 (b) Processes for recording collection of wagers, payment of wagers, and cancellation of
7 wagers issued;

8 (c) Processes for handling cash within sports book retail locations including segregation
9 of duties related to counting and storage of cash; and

10 (d) The establishment of a segregated account related to New Hampshire sports
11 wagering activities.

12 V. The commission's agent shall submit a responsible gaming plan for the division's review
13 and approval prior to conducting any sports wagering within the state and every year thereafter.
14 This plan should include identification of posting and materials related to problem gaming,
15 resources to be made available to bettors expressing concerns about problem gaming, house imposed
16 player limits, and self-exclusion programs.

17 VI. The commission's agent shall maintain a cash reserve available to pay wagers as
18 determined by the commission.

19 VII. The commission's agent or vendor shall not accept any wager on a sports event unless
20 it has received approval from the commission to conduct that type or category of wager. A type of
21 wager refers to the method of determining the outcome of the wager. The category refers to the
22 kind of event being wagered on. The commission shall approve wager categories and types in a
23 reasonable time frame. Once a particular category or wager type is approved for its first use it may
24 be used on multiple events without further approval.

25 VIII. The commission shall only approve wagers on categories of events where:

26 (a) The outcome can be verified;

27 (b) The outcome can be generated by a reliable and independent process; and

28 (c) The event is conducted in conformity with applicable laws.

29 IX. Wagers made under this section shall be made with:

30 (a) Cash;

31 (b) Cash equivalent;

32 (c) PayPal;

33 (d) Debit card;

34 (e) ACH;

35 (f) Promotional funds; and

36 (g) Any other means approved by the executive director.

37 287-I:9 Proceeds to Education Fund. The proceeds received by the commission from sports
38 wagering, less the administrative costs of the commission, prizes paid, and payments for problem

1 gambling services, shall be deposited in the education trust fund established in RSA 198:39.

2 287-I:10 Limitations on Sports Wagers. The commission and its agents are prohibited from the
3 following activities:

4 I. Accepting or making payment relating to sports wagers made by prohibited sports
5 bettors.

6 II. Accepting sports wagers on prohibited sports events.

7 III. Accepting sports wagers from persons who are physically outside of the state of New
8 Hampshire at the time of the sports wager.

9 287-I:11 Disclosure of Data Source. The commission and agents shall publicly disclose the
10 source of the data that will be used to determine the outcome of a tier II or tier III wager.

11 287-I:12 Risk Management. The commission's agent may take any risk management strategies
12 as authorized by the director.

13 287-I:13 Maintaining Sports Integrity. The commission and agent may participate in national
14 and international monitoring services and associations and may share betting information with
15 those entities and sports governing bodies in order to ensure the integrity of sports wagers and
16 sports events. The director may restrict, limit, or exclude wagering on a sports event if he or she
17 determines that such an action is necessary to ensure the integrity of the sports book.

18 287-I:14 Financial Reports. The commission may seek financial and compliance reports from
19 its agent periodically and may conduct audits of these reports to ensure that the state receives the
20 agreed upon revenue sharing proceeds.

21 287-I:15 Compliance Reviews. The commission shall retain oversight of its agent to ensure that
22 all sports wagering activities are conducted in accordance with this statute and any rules adopted
23 by the commission.

24 287-I:16 Fantasy Sports Exempted. Nothing in this chapter shall apply to fantasy sports
25 contests authorized pursuant to RSA 287-H.

26 287-I:17 Rulemaking. The commission shall adopt rules, pursuant to RSA 541-A, relative to the
27 operation, conduct, location, and oversight of sports books. The commission may enact emergency
28 rules, which will take effect upon approval.

29 2 Bets Void. Amend RSA 338:2 to read as follows:

30 338:2 Bets Void. *Except as authorized by the lottery commission*, all bets and wagers upon
31 any question where the parties have no interest in the subject except that created by the wager are
32 void; and either party may recover any property by him *or her* deposited, paid, or delivered upon
33 such wager or its loss, and repel any action brought for anything, the right or claim to which grows
34 out of such bet or wager.

35 3 Education Trust Fund; Sports Betting Added. Amend RSA 198:39, I(k) to read as follows:

36 (k) Funds collected and paid over to the state treasurer by the lottery commission
37 pursuant to RSA 284:44, ~~and~~ RSA 284:47, *and RSA 287-I*.

38 4 New Subparagraph; Gambling; Exceptions. Amend RSA 647:2, V by inserting after

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- 1 subparagraph (e) the following new subparagraph:
- 2 (f) Sports wagering as defined by RSA 287-I:1, XV.
- 3 5 Effective Date. This act shall take effect January 1, 2020.

HB 480-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to sports betting.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue (Low - High)	\$0	\$1,500,000 - \$7,750,000	\$2,100,000 - \$10,750,000	\$2,750,000 - \$13,500,000
Expenditures	\$250,000	\$796,000	\$817,000	\$837,000
<i>Funding Source:</i>	<input type="checkbox"/> General Fund <input checked="" type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Lottery			

METHODOLOGY:

This bill authorizes the Lottery Commission to conduct sports betting directly or through an authorized agent via the use of mobile internet devices and through physical sports book retail establishments. This bill also creates a new division within the commission to oversee and regulate sports betting.

The Lottery Commission made the following assumptions in producing an estimate on revenue and expenditures:

- This bill will pass on or before July 1, 2019;
- The request for proposal (RFP) process will result in a contracted Sports Betting Agent on or before January 1, 2020 with the first sports wagers being offered around July 1, 2020;
- The RFP will result in a revenue sharing model consistent with industry standards and other states with sports betting;
- User migration from illegal sports wagering will gradually migrate to legal sports betting over several years and the number of sports wagering channels will gradually increase over the first few years;
- Due to the gradual increase in sports betting over time, revenue will be 35 percent of potential in FY 2021, 50 percent of potential in FY 2022, 65 percent of potential in FY 2023, and full potential revenue will not be reached until year FY 2025;
- The "house" win percentage will average between a low estimate of 3% and high estimate of 7.5% of the total amount bet, which is based on industry experience;