

Bill as
Introduced

HB 480-FN - AS AMENDED BY THE HOUSE

19Mar2019... 0974h

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 struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to sports betting.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Chapter; Sports Betting. Amend RSA by inserting after chapter 287-H the following
2 new chapter:

3 CHAPTER 287-I

4 SPORTS BETTING

5 287-I:1 Definitions. For the purposes of this chapter these words shall have the following
6 meaning:

7 I. "Agent" means a party who is authorized by contract or agreement with the commission
8 to conduct a sports book.

9 II. "Authorized sports bettor" means an individual 18 years of age or older who is physically
10 present in the state of New Hampshire when placing a sports wager with the commission or an
11 authorized agent of the commission and is not a prohibited sports bettor.

12 III. "Collegiate sports event" means a sports or athletic event participated in or offered or
13 sponsored by a public or private institution that offers educational services beyond the secondary
14 level.

15 IV. "Commission" means the lottery commission.

16 V. "Director" means the executive director of the lottery commission or designee.

17 VI. "High school sports event" " means a sports or athletic event participated in or offered
18 or sponsored by a public or private institution that offers educational services at the secondary
19 level.

20 VII. "In-play sports wager" means a sports wager on a sports event after the sports event
21 has begun and before it ends.

22 VIII. "Mobile sports wagering platform" means the combination of hardware, software, and
23 data networks used to manage, administer, record, and/or control sports wagers.

24 IX. "Professional sports event" means an event at which 2 or more persons participate in a
25 sports or athletic event and receive compensation in excess of actual expenses for their participation
26 in such event.

27 X. "Prohibited sports bettor" means:

28 (a) Any member or employee of the commission and any spouse, child, sibling, or parent
29 residing in the same household as a member or employee of the commission.

30 (b) Any principal or employee of any agent.

31 (c) Any contractor of the commission or its agent when such contract relates to the

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:

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

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

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

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

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

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

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

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

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

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

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

3 287-I:2 Sports Book Authorized. The commission is authorized to operate a sports book for the
4 purposes of accepting and paying sports wagers by authorized bettors within the state in
5 conformance with the requirements of this chapter.

6 287-I:3 Commission Agents. The commission shall conduct a sports book for sports wagering
7 through agents selected through a competitive bid process and approved by the governor and
8 executive council. Any such contract shall be based on the state receiving a percentage of revenue
9 from sports wagering activities within the state. The commission shall ensure that an agent
10 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
11 an agent, the commission shall consider, at a minimum, the experience and background of the
12 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's
13 mobile and Internet capabilities, the agent's contribution to economic development within the state,
14 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity
15 in betting. The commission shall select a group of bidders who best meet the criteria set forth in
16 this paragraph and select from that group the agent or agents whose bid provides the state with the
17 highest percentage of revenue from the sports wagering activities covered by the bid, provided that
18 the commission determines that the bidder's commitment to return said revenue percentage to the
19 state is consistent with the bidder's commitment to meet all other criteria specified in the bid
20 request and in applicable law. All agents shall be subject to criminal and financial background
21 checks as prescribed by the commission. The commission may retain vendors to support the
22 commission in operating a sports book.

23 287-I:4 Commission Directed Sports Wagering. The commission is further authorized to
24 directly offer lottery games to authorized bettors within the state in the form of tier III sports
25 wagers through the commission's lottery retailers subject to the provisions of this chapter.

26 287-I:5 Sports Book Retail Operations. The commission and its agents are further authorized
27 to operate physical sports book retail locations within the state for the purposes of accepting tier I
28 and tier III sports wagers from authorized bettors and paying prizes relating to those wagers. The
29 sports book retail locations may be co-located with other commercial businesses or general
30 commercial retail locations. No more than 10 sports book retail locations may be in operation at any
31 given time.

32 287-I:6 Local Option for Operation of Sports Book Retail Locations.

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

37 (a) In a town, the question shall be placed on the warrant of an annual town meeting
38 under the procedures set out in RSA 39:3, and shall be voted on a ballot. In a city, the legislative

1 body may vote to place the question on the official ballot for any regular municipal election, or, in
2 the alternative, shall place the question on the official ballot for any regular municipal election
3 upon submission to the legislative body of a petition signed by 25 of the registered voters.

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

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

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

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

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

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

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

20 287-I:7 Mobile Sports Wagering Authorized. The commission and its agent are authorized to
21 operate a sports book through a mobile sports wagering platform by mobile devices or over the
22 Internet. With respect to mobile sports wagering, the commission, either independently, or through
23 its agent, shall provide:

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

26 II. Identity verification through secure online databases or by examination of photo
27 identification.

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

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

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

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

38 287-I:8 Sports Wagering Supervision. The commission shall create a division of sports

1 wagering which will be responsible for ensuring compliance with the requirements of this chapter
2 and any rules promulgated by the commission in accordance with the authorities granted under
3 this chapter. In addition, the division, under the direction of the director and commission, shall
4 ensure that the commission's agents and vendors comply with the following obligations:

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

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

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

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

13 (d) Employment background checks and policies.

14 (e) Automated and manual risk management procedures.

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

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

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

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

21 (j) Description of anti-money laundering compliance standards.

22 (k) Descriptions of all integrated third-party systems or components and the security
23 procedures relating to those systems.

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

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

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

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

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

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

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

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

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

38 (i) A mechanism to provide read only access to the commission to the back office system

1 for the purposes of reviewing and auditing wagering activities;

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

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

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

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

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

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

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

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

15 (e) Expiration dates for winning tickets.

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

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

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

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

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

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

26 (b) Processes for recording collection of wagers, payment of wagers, and cancellation of
27 wagers issued;

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

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

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

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

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

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

- 8 (a) The outcome can be verified;
9 (b) The outcome can be generated by a reliable and independent process; and
10 (c) The event is conducted in conformity with applicable laws.

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

- 12 (a) Cash;
13 (b) Cash equivalent;
14 (c) PayPal;
15 (d) Debit card;
16 (e) ACH;
17 (f) Promotional funds; and
18 (g) Any other means approved by the executive director.

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

24 287-I:9 Proceeds to Education Fund. The proceeds received by the commission from sports
25 wagering, less the administrative costs of the commission, prizes paid, and payments for problem
26 gambling services, shall be deposited in the education trust fund established in RSA 198:39.

27 287-I:10 Limitations on Sports Wagers. The commission and its agents are prohibited from the
28 following activities:

29 I. Accepting or making payment relating to sports wagers made by prohibited sports
30 bettors.

31 II. Accepting sports wagers on prohibited sports events.

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

34 287-I:11 Disclosure of Data Source. The commission and agents shall publicly disclose the
35 source of the data that will be used to determine the outcome of a tier II or tier III wager.

36 287-I:12 Risk Management. The commission's agent may take any risk management strategies
37 as authorized by the director.

38 287-I:13 Maintaining Sports Integrity. The commission and agent may participate in national

1 and international monitoring services and associations and may share betting information with
2 those entities and sports governing bodies in order to ensure the integrity of sports wagers and
3 sports events. The director may restrict, limit, or exclude wagering on a sports event if he or she
4 determines that such an action is necessary to ensure the integrity of the sports book.

5 287-I:14 Financial Reports. The commission may seek financial and compliance reports from
6 its agent periodically and may conduct audits of these reports to ensure that the state receives the
7 agreed upon revenue sharing proceeds.

8 287-I:15 Compliance Reviews. The commission shall retain oversight of its agent to ensure that
9 all sports wagering activities are conducted in accordance with this statute and any rules adopted
10 by the commission.

11 287-I:16 Fantasy Sports Exempted. Nothing in this chapter shall apply to fantasy sports
12 contests authorized pursuant to RSA 287-H.

13 287-I:17 Rulemaking. The commission shall adopt rules, pursuant to RSA 541-A, relative to the
14 operation, conduct, location, and oversight of sports books. The commission may enact emergency
15 rules, which will take effect upon approval.

16 2 Bets Void. Amend RSA 338:2 to read as follows:

17 338:2 Bets Void. *Except as authorized by the lottery commission*, all bets and wagers upon
18 any question where the parties have no interest in the subject except that created by the wager are
19 void; and either party may recover any property by him *or her* deposited, paid, or delivered upon
20 such wager or its loss, and repel any action brought for anything, the right or claim to which grows
21 out of such bet or wager.

22 3 Education Trust Fund; Sports Betting Added. Amend RSA 198:39, I(k) to read as follows:

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

25 4 New Subparagraph; Gambling; Exceptions. Amend RSA 647:2, V by inserting after
26 subparagraph (e) the following new subparagraph:

27 (f) Sports wagering as defined by RSA 287-I:1, XV.

28 5 New Chapter; Council for Responsible Gambling. Amend RSA by inserting after chapter 338-
29 A the following new chapter:

30 CHAPTER 338-B

31 COUNCIL FOR RESPONSIBLE GAMBLING

32 338-B:1 Definitions. In this chapter, "council" means the council for responsible gambling.

33 338-B:2 Statement of Purpose. Education, prevention, and treatment relating to gambling
34 disorders are an integral part of a responsible gaming environment within the state.

35 338-B:3 Establishment. There is established the council for responsible gambling which shall
36 promote education, prevention, and treatment of problem gambling within the state.

37 338-B:4 Membership.

38 I. The council shall consist of 5 members appointed by the governor and executive council

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

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

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

11 338-B:5 Powers and Duties. The council shall have the authority to enter into grants and
12 contracts for the purposes of furthering education, prevention, and treatment of problem gambling
13 within the state.

14 338-B:6 Report of the Council. The council shall submit a biennial report to the governor and
15 executive council on or before October 1 of each even-numbered year. The report shall include a
16 description of the council's activities including a financial report for the relevant time period.

17 338-B:7 Administrative Attachment. The council shall be administratively attached to the
18 lottery commission in accordance with RSA 21-G:10. In addition to the support provided to an
19 administratively attached agency, the lottery commission shall also provide the following to the
20 council:

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

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

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

29 6 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
Funding Source:	<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	\$837,000

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

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SENATE WAYS/MEANS QTP 5-0

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23 data networks used to manage, administer, record, and/or control sports wagers.

24 IX. "Professional sports event" means an event at which 2 or more persons participate in a
25 sports or athletic event and receive compensation in excess of actual expenses for their participation
26 in such event.

27 X. "Prohibited sports bettor" means:

28 (a) Any member or employee of the commission and any spouse, child, sibling, or parent
29 residing in the same household as a member or employee of the commission.

30 (b) Any principal or employee of any agent.

1 (c) Any contractor of the commission or its agents when such contract relates to the
2 conduct of sports wagering.

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

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

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

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

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

13 XI. "Prohibited sports event" means:

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

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

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

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

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

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

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

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

38 XVI. "Tier I sports wager" means a sports wager that is placed before the start of the sports

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1 event and is determined solely by the final score or final outcome of that single sports event.

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

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

4 287-I:2 Sports Book Authorized. The commission is authorized to operate a sports book for the
5 purposes of accepting and paying sports wagers by authorized bettors within the state in
6 conformance with the requirements of this chapter.

7 287-I:3 Commission Agents. The commission shall conduct a sports book for sports wagering
8 through agents selected through a competitive bid process and approved by the governor and
9 executive council. Any such contract shall be based on the state receiving a percentage of revenue
10 from sports wagering activities within the state. The commission shall ensure that an agent
11 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
12 an agent, the commission shall consider, at a minimum, the experience and background of the
13 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's
14 mobile and Internet capabilities, the agent's contribution to economic development within the state,
15 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity
16 in betting. The commission shall select a group of bidders who best meet the criteria set forth in
17 this paragraph and select from that group the agent or agents whose bid provides the state with the
18 highest percentage of revenue from the sports wagering activities covered by the bid, provided that
19 the commission determines that the bidder's commitment to return said revenue percentage to the
20 state is consistent with the bidder's commitment to meet all other criteria specified in the bid
21 request and in applicable law. All agents shall be subject to criminal and financial background
22 checks as prescribed by the commission. The commission may retain vendors to support the
23 commission in operating a sports book.

24 287-I:4 Commission Directed Sports Wagering. The commission is further authorized to
25 directly offer lottery games to authorized bettors within the state in the form of tier III sports
26 wagers through the commission's lottery retailers subject to the provisions of this chapter.

27 287-I:5 Sports Book Retail Operations. The commission and its agents are further authorized
28 to operate physical sports book retail locations within the state for the purposes of accepting tier I
29 and tier III sports wagers from authorized bettors and paying prizes relating to those wagers. The
30 sports book retail locations may be co-located with other commercial businesses or general
31 commercial retail locations. No more than 10 sports book retail locations may be in operation at any
32 given time.

33 287-I:6 Local Option for Operation of Sports Book Retail Locations.

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

38 (a) In a town, the question shall be placed on the warrant of an annual town meeting

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1 under the procedures set out in RSA 39:3, and shall be voted on a ballot. In a city, the legislative
2 body may vote to place the question on the official ballot for any regular municipal election, or, in
3 the alternative, shall place the question on the official ballot for any regular municipal election
4 upon submission to the legislative body of a petition signed by 25 of the registered voters.

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

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

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

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

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

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

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

21 287-I:7 Mobile Sports Wagering Authorized. The commission and its agents are authorized to
22 operate a sports book through a mobile sports wagering platform by mobile devices or over the
23 Internet. No more than 5 mobile sports wagering agents shall be in operation at any given time.
24 With respect to mobile sports wagering, the commission, either independently, or through its agent,
25 shall provide:

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

28 II. Identity verification through secure online databases or by examination of photo
29 identification.

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

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

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

38 VI. Security mechanisms to ensure the confidentiality of wagering and personal and

1 financial information except as otherwise authorized by this chapter.

2 287-I:8 Sports Wagering Supervision. The commission shall create a division of sports
3 wagering which will be responsible for ensuring compliance with the requirements of this chapter
4 and any rules promulgated by the commission in accordance with the authorities granted under
5 this chapter. In addition, the division, under the direction of the director and commission, shall
6 ensure that the commission's agents and vendors comply with the following obligations:

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

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

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

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

15 (d) Employment background checks and policies.

16 (e) Automated and manual risk management procedures.

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

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

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

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

23 (j) Description of anti-money laundering compliance standards.

24 (k) Descriptions of all integrated third-party systems or components and the security
25 procedures relating to those systems.

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

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

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

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

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

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

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

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

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- 1 (h) System redundancy to ensure recording of wagers during a system outage;
- 2 (i) A mechanism to provide read only access to the commission to the back office system
- 3 for the purposes of reviewing and auditing wagering activities;
- 4 (j) Integration with an independent control system to ensure integrity of system
- 5 wagering information;
- 6 (k) Capabilities for canceling existing wagers, freezing or suspending wagering across
- 7 the platform, or for specific events; and
- 8 (l) Any other issue identified by the division upon review of the proposed gaming
- 9 system.

10 III. Each agent engaged in sports wagering shall submit house rules for the division's

11 review and approval prior to conducting any sports wagering within the state and every year

12 thereafter. These house rules shall include at a minimum:

- 13 (a) The method for calculation and payment of winning wagers.
- 14 (b) The effect of schedule changes for a sports event.
- 15 (c) The method of notifying bettors of odds or proposition changes.
- 16 (d) Acceptance of wagers at terms other than those posted.
- 17 (e) Expiration dates for winning tickets.
- 18 (f) Rules for payment of wagers made after a material error in setting odds or a
- 19 proposition for an event by the sports book.
- 20 (g) Method of contacting the agent or vendor for questions or complaints.
- 21 (h) Description of those persons who are prohibited from wagering with the agent or
- 22 contractor if broader than the prohibited bettors list set forth in this section.
- 23 (i) The method and location for posting and publishing the approved house rules.

24 IV. Each agent or vendor engaged in sports wagering shall submit accounting controls for

25 the division's review and approval prior to conducting any sports wagering within the state and

26 every year thereafter. These accounting controls shall include at a minimum:

- 27 (a) A process for documenting and verifying beginning of day cash balance;
- 28 (b) Processes for recording collection of wagers, payment of wagers, and cancellation of
- 29 wagers issued;
- 30 (c) Processes for handling cash within sports book retail locations including segregation
- 31 of duties related to counting and storage of cash; and
- 32 (d) The establishment of a segregated account related to New Hampshire sports
- 33 wagering activities.

34 V. The commission's agents shall submit a responsible gaming plan for the division's review

35 and approval prior to conducting any sports wagering within the state and every year thereafter.

36 This plan should include identification of posting and materials related to problem gaming,

37 resources to be made available to bettors expressing concerns about problem gaming, house imposed

38 player limits, and self-exclusion programs.

1 VI. The commission's agents shall maintain a cash reserve available to pay wagers as
2 determined by the commission.

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

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

- 10 (a) The outcome can be verified;
11 (b) The outcome can be generated by a reliable and independent process; and
12 (c) The event is conducted in conformity with applicable laws.

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

- 14 (a) Cash;
15 (b) Cash equivalent;
16 (c) PayPal;
17 (d) Debit card;
18 (e) ACH;
19 (f) Promotional funds; and
20 (g) Any other means approved by the executive director.

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

26 287-I:9 Proceeds to Education Fund. The proceeds received by the commission from sports
27 wagering, less the administrative costs of the commission, prizes paid, and payments for problem
28 gambling services, shall be deposited in the education trust fund established in RSA 198:39.

29 287-I:10 Limitations on Sports Wagers. The commission and its agents are prohibited from the
30 following activities:

31 I. Accepting or making payment relating to sports wagers made by prohibited sports
32 bettors.

33 II. Accepting sports wagers on prohibited sports events.

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

36 287-I:11 Disclosure of Data Source. The commission and agents shall publicly disclose the
37 source of the data that will be used to determine the outcome of a tier II or tier III wager.

38 287-I:12 Risk Management. The commission's agents may take any risk management

1 strategies as authorized by the director.

2 287-I:13 Maintaining Sports Integrity. The commission and agents may participate in national
3 and international monitoring services and associations and may share betting information with
4 those entities and sports governing bodies in order to ensure the integrity of sports wagers and
5 sports events. The director may restrict, limit, or exclude wagering on a sports event if he or she
6 determines that such an action is necessary to ensure the integrity of the sports book.

7 287-I:14 Financial Reports. The commission may seek financial and compliance reports from
8 its agents periodically and may conduct audits of these reports to ensure that the state receives the
9 agreed upon revenue sharing proceeds.

10 287-I:15 Compliance Reviews. The commission shall retain oversight of its agents to ensure
11 that all sports wagering activities are conducted in accordance with this statute and any rules
12 adopted by the commission.

13 287-I:16 Fantasy Sports Exempted. Nothing in this chapter shall apply to fantasy sports
14 contests authorized pursuant to RSA 287-H.

15 287-I:17 Rulemaking. The commission shall adopt rules, pursuant to RSA 541-A, relative to the
16 operation, conduct, location, and oversight of sports books. The commission may enact emergency
17 rules, which will take effect upon approval.

18 2 Bets Void. Amend RSA 338:2 to read as follows:

19 338:2 Bets Void. *Except as authorized by the lottery commission*, all bets and wagers upon
20 any question where the parties have no interest in the subject except that created by the wager are
21 void; and either party may recover any property by him *or her* deposited, paid, or delivered upon
22 such wager or its loss, and repel any action brought for anything, the right or claim to which grows
23 out of such bet or wager.

24 3 Education Trust Fund; Sports Betting Added. Amend RSA 198:39, I(k) to read as follows:

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

27 4 New Subparagraph; Gambling; Exceptions. Amend RSA 647:2, V by inserting after
28 subparagraph (e) the following new subparagraph:

29 (f) Sports wagering as defined by RSA 287-I:1, XV.

30 5 New Chapter; Council for Responsible Gambling. Amend RSA by inserting after chapter 338-
31 A the following new chapter:

32 CHAPTER 338-B

33 COUNCIL FOR RESPONSIBLE GAMBLING

34 338-B:1 Definitions. In this chapter, "council" means the council for responsible gambling.

35 338-B:2 Statement of Purpose. Education, prevention, and treatment relating to gambling
36 disorders are an integral part of a responsible gaming environment within the state.

37 338-B:3 Establishment. There is established the council for responsible gambling which shall
38 promote education, prevention, and treatment of problem gambling within the state.

1 338-B:4 Membership.

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

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

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

13 338-B:5 Powers and Duties. The council shall have the authority to enter into grants and
14 contracts for the purposes of furthering education, prevention, and treatment of problem gambling
15 within the state.

16 338-B:6 Report of the Council. The council shall submit a biennial report to the governor and
17 executive council on or before October 1 of each even-numbered year. The report shall include a
18 description of the council's activities including a financial report for the relevant time period.

19 338-B:7 Administrative Attachment. The council shall be administratively attached to the
20 lottery commission in accordance with RSA 21-G:10. In addition to the support provided to an
21 administratively attached agency, the lottery commission shall also provide the following to the
22 council:

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

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

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

31 6 Effective Date. This act shall take effect January 1, 2020.

HB 480-FN- FISCAL NOTE
AS AMENDED BY THE HOUSE (AMENDMENT #2019-0974h)

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	\$0	\$11,250,000	\$11,750,000	\$12,500,000
Expenditures	\$617,700	\$1,291,000	\$1,331,000	\$1,367,000
Funding Source:	<input type="checkbox"/> General Lottery Fund	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other

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. This bill also establishes a Council for Responsible Gambling to promote the education, prevention, and treatment of problem gambling within the state.

The 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;
- The "hold" will average 5 percent, which is based on industry experience;
- The Division of Sports Wagering will be staffed with ten employees;
- Information Technology expenditures will be \$200,000 in FY 2020 to procure equipment and services needed to fully integrate a contractor gaming system and additional information technology support expenditures will be \$50,000 in FY 2021 and increase by

an additional \$10,000 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. Using a per capita calculation of the total assumed legal sports betting market and recent activity in other northeastern states, the Commission estimates the New Hampshire market is around \$200 million to \$300 million in gross sales. 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				
Gross New Hampshire Sales	\$0	\$225,000,000	\$235,000,000	\$250,000,000
Five Percent "Hold"	\$0	\$11,250,000	\$11,750,000	\$12,500,000
Expenditures (Lottery Fund)				
Salary and Wages (10 positions)	\$146,000	\$797,000	\$821,000	\$842,000
Council Expenses	\$250,000	\$250,000	\$250,000	\$250,000
Information Technology	\$200,000	\$50,000	\$60,000	\$70,000
Other Expenses	\$21,700	\$194,000	\$200,000	\$205,000
Total Estimated Expenses	\$617,700	\$1,291,000	\$1,331,000	\$1,367,000

Below is a breakdown of the ten positions which will comprise the new division within the Lottery Commission.

Positions (Salary and Benefits)	Start Date	FY 2020	FY 2021	FY 2022	FY 2023
Division Director (LG 33)	1/1/20	\$62,000	\$124,000	\$128,000	\$129,000
Business Systems Analyst I (LG 28)	1/1/20	\$51,000	\$102,000	\$105,000	\$108,000
Administrative Assistant (LG 16)	1/1/20	\$33,000	\$66,000	\$68,000	\$71,000
(2) Two Enforcement Investigators (LG 16)	7/1/20	\$0	\$136,000	\$140,000	\$144,000
(2) Two Agency Audit Managers (LG 25)	7/1/20	\$0	\$162,000	\$166,000	\$170,000
Account Clerk III (LG 21)	7/1/20	\$0	\$80,000	\$83,000	\$85,000
Account Clerk I (LG 16)	7/1/20	\$0	\$66,000	\$68,000	\$70,000
Program Assistant I (LG 12)	7/1/20	\$0	\$61,000	\$63,000	\$65,000
Total Position Expenditures		\$0	\$797,000	\$821,000	\$842,000

AGENCIES CONTACTED:

Lottery Commission

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AGENCIES CONTACTED:

Lottery Commission

HB 480-FN - AS AMENDED BY THE SENATE

19Mar2019... 0974h
05/15/2019 1974s
05/30/2019 2196s
05/30/2019 2396s

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 struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to sports betting.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Chapter; Sports Betting. Amend RSA by inserting after chapter 287-H the following new
2 chapter:

3 CHAPTER 287-I

4 SPORTS BETTING

5 287-I:1 Definitions. For the purposes of this chapter these words shall have the following
6 meaning:

7 I. "Agent" means a party who is authorized by contract or agreement with the commission to
8 conduct a sports book.

9 II. "Authorized sports bettor" means an individual 18 years of age or older who is physically
10 present in the state of New Hampshire when placing a sports wager with the commission or an
11 authorized agent of the commission and is not a prohibited sports bettor.

12 III. "Collegiate sports event" means a sports or athletic event participated in or offered or
13 sponsored by a public or private institution that offers educational services beyond the secondary
14 level.

15 IV. "Commission" means the lottery commission.

16 V. "Director" means the executive director of the lottery commission or designee.

17 VI. "High school sports event" means a sports or athletic event participated in or offered or
18 sponsored by a public or private institution that offers educational services at the secondary level.

19 VII. "In-play sports wager" means a sports wager on a sports event after the sports event
20 has begun and before it ends.

21 VIII. "Mobile sports wagering platform" means the combination of hardware, software, and
22 data networks used to manage, administer, record, and/or control sports wagers.

23 IX. "Professional sports event" means an event at which 2 or more persons participate in a
24 sports or athletic event and receive compensation in excess of actual expenses for their participation
25 in such event.

26 X. "Prohibited sports bettor" means:

27 (a) Any member or employee of the commission and any spouse, child, sibling, or parent
28 residing in the same household as a member or employee of the commission.

29 (b) Any principal or employee of any agent.

1 (c) Any contractor of the commission or its agents when such contract relates to the
2 conduct of sports wagering.

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

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

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

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

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

13 XI. "Prohibited sports event" means:

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

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

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

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

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

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

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

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

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

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

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

5 287-I:2 Sports Book Authorized. The commission is authorized to operate a sports book for the
6 purposes of accepting and paying sports wagers by authorized bettors within the state in
7 conformance with the requirements of this chapter.

8 287-I:3 Commission Agents. The commission shall conduct sports books for sports wagering
9 through agents selected through a competitive bid process and approved by the governor and
10 executive council. Any such contract shall be based on the state receiving a percentage of revenue
11 from sports wagering activities within the state. The commission shall ensure that an agent
12 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
13 an agent, the commission shall consider, at a minimum, the experience and background of the agent,
14 the agent's ability to serve proposed locations for sports book retail operations, the agent's mobile
15 and Internet capabilities, the agent's contribution to economic development within the state, the
16 agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity in
17 betting. The commission shall select a group of bidders who best meet the criteria set forth in this
18 paragraph and select from that group the agents whose bids provide the state with the highest
19 percentage of revenue from the sports wagering activities covered by the bids, provided that the
20 commission determines that the bidder's commitment to return said revenue percentage to the state
21 is consistent with the bidder's commitment to meet all other criteria specified in the bid request and
22 in applicable law. All agents shall be subject to criminal and financial background checks as
23 prescribed by the commission.

24 287-I:4 Commission Directed Sports Wagering. The commission is further authorized to directly
25 offer lottery games to authorized bettors within the state in the form of tier III sports wagers
26 through the commission's lottery retailers subject to the provisions of this chapter. The commission
27 may retain vendors to support the commission in operating a sports book and such vendors shall be
28 selected through a competitive bid process and approved by the governor and executive council.

29 287-I:5 Sports Book Retail Operations. The commission and its agents are further authorized to
30 operate physical sports book retail locations within the state for the purposes of accepting tier I and
31 tier III sports wagers from authorized bettors and paying prizes relating to those wagers. The sports
32 book retail locations may be co-located with other commercial businesses or general commercial
33 retail locations. No more than 10 sports book retail locations may be in operation at any given time.

34 287-I:6 Local Option for Operation of Sports Book Retail Locations.

35 I. Any town or city may allow the operation of a sports book retail location according to the
36 provisions of this subdivision, in the following manner, excepting that nothing in this section shall be

1 construed to prohibit Internet or mobile wagering or lottery games involving tier III sports wagers in
2 the jurisdiction, if so authorized by the passage of this statute.

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

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

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

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

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

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

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

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

24 287-I:7 Mobile Sports Wagering Authorized. The commission and its agents are authorized to
25 operate a sports books that offer tier I, tier II, and tier III sports wagers through a mobile sports
26 wagering platform by mobile devices or over the Internet. No more than 5 mobile sports wagering
27 agents shall be in operation at any given time. With respect to mobile sports wagering, the
28 commission, either independently, or through its agent, shall provide:

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

31 II. Identity verification through secure online databases or by examination of photo
32 identification.

33 III. That mobile sports wagers must be initiated and received within the geographic borders
34 of the state of New Hampshire and may not be intentionally routed outside of the state. The
35 incidental intermediate routing of mobile sports wager shall not determine the location or locations
36 in which such a wager is initiated, received, or otherwise made.

1 IV. Wager limits for daily, weekly, and monthly amounts consistent with the best practices
2 in addressing problem gambling.

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

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

7 287-I:8 Sports Wagering Supervision. The commission shall create a division of sports wagering
8 which will be responsible for ensuring compliance with the requirements of this chapter and any
9 rules promulgated by the commission in accordance with the authorities granted under this chapter.
10 In addition, the division, under the direction of the director and commission, shall ensure that the
11 commission's agents and vendors comply with the following obligations:

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

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

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

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

20 (d) Employment background checks and policies.

21 (e) Automated and manual risk management procedures.

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

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

25 (h) Any and all monitoring systems utilized by the agents or vendor to report and receive
26 information on suspicious betting activities.

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

28 (j) Description of anti-money laundering compliance standards.

29 (k) Descriptions of all integrated third-party systems or components and the security
30 procedures relating to those systems.

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

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

- 1 (b) A description of all software applications that comprise the system;
- 2 (c) A procedure for third-party auditing of financial transactions received by the system;
- 3 (d) A description of all types of wagers supported by the system;
- 4 (e) Unique identification and verification systems for wagers;
- 5 (f) Procedures to prevent past posting of wagers;
- 6 (g) A list of data recorded relating to each wager;
- 7 (h) System redundancy to ensure recording of wagers during a system outage;
- 8 (i) A mechanism to provide read only access to the commission to the back office system
- 9 for the purposes of reviewing and auditing wagering activities;
- 10 (j) Integration with an independent control system to ensure integrity of system
- 11 wagering information;
- 12 (k) Capabilities for canceling existing wagers, freezing or suspending wagering across
- 13 the platform, or for specific events; and
- 14 (l) Any other issue identified by the division upon review of the proposed gaming
- 15 system.

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

- 19 (a) The method for calculation and payment of winning wagers.
- 20 (b) The effect of schedule changes for a sports event.
- 21 (c) The method of notifying bettors of odds or proposition changes.
- 22 (d) Acceptance of wagers at terms other than those posted.
- 23 (e) Expiration dates for winning tickets.
- 24 (f) Circumstances under which the agent will void a bet;
- 25 (g) Treatment of errors, late bets, and related contingencies;
- 26 (h) Method of contacting the agents or vendor for questions or complaints;
- 27 (i) Description of those persons who are prohibited from wagering with the agents or
- 28 contractor if broader than the prohibited bettors list set forth in this section;
- 29 (j) The method and location for posting and publishing the approved house rules.

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

- 33 (a) A process for documenting and verifying beginning of day cash balance;
- 34 (b) Processes for recording collection of wagers, payment of wagers, and cancellation of
- 35 wagers issued;
- 36 (c) Processes for handling cash within sports book retail locations including segregation
- 37 of duties related to counting and storage of cash; and

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

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

8 VI. The commission's agents shall maintain a cash reserve available to pay wagers as
9 determined by the commission.

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

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

- 17 (a) The outcome can be verified;
18 (b) The outcome can be generated by a reliable and independent process; and
19 (c) The event is conducted in conformity with applicable laws.

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

- 21 (a) Cash;
22 (b) Cash equivalent;
23 (c) PayPal;
24 (d) Debit card;
25 (e) ACH;
26 (f) Promotional funds; and
27 (g) Any other means approved by the executive director.

28 X. Any agent or contractor who sends or receives electronic sports wagers is responsible to
29 ensure that any transfer of that wager is initiated and received and completed within the state of
30 New Hampshire and that only incidental intermediate routing of the wager occurs outside of the
31 state. The agent and contractor shall be responsible for periodically reviewing their information
32 technology systems and networks to ensure compliance with this section.

33 287-I:9 Proceeds to Education Fund. The proceeds received by the commission from sports
34 wagering, less the administrative costs of the commission, prizes paid, and payments for problem
35 gambling services, shall be deposited in the education trust fund established in RSA 198:39.

36 287-I:10 Limitations on Sports Wagers. The commission and its agents are prohibited from the
37 following activities:

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

2 II. Accepting sports wagers on prohibited sports events.

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

5 287-I:11 Disclosure of Data Source. The commission and agents shall publicly disclose the
6 source of the data that will be used to determine the outcome of a tier II or tier III wager.

7 287-I:12 Risk Management. The commission's agents may take any risk management strategies
8 as authorized by the director.

9 287-I:13 Maintaining Sports Integrity. The commission and agents may participate in national
10 and international monitoring services and associations and may share betting information with
11 those entities and sports governing bodies in order to ensure the integrity of sports wagers and
12 sports events. The director may restrict, limit, or exclude wagering on a sports event if he or she
13 determines that such an action is necessary to ensure the integrity of the sports book.

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

17 287-I:15 Compliance Reviews. The commission shall retain oversight of its agents to ensure
18 that all sports wagering activities are conducted in accordance with this statute and any rules
19 adopted by the commission.

20 287-I:16 Fantasy Sports Exempted. Nothing in this chapter shall apply to fantasy sports
21 contests authorized pursuant to RSA 287-H.

22 287-I:17 Rulemaking. The commission shall adopt rules, pursuant to RSA 541-A, relative to the
23 operation, conduct, location, and oversight of sports books. The commission may enact emergency
24 rules, which will take effect upon approval.

25 2 Bets Void. Amend RSA 338:2 to read as follows:

26 338:2 Bets Void. *Except as authorized by the lottery commission*, all bets and wagers upon
27 any question where the parties have no interest in the subject except that created by the wager are
28 void; and either party may recover any property by him *or her* deposited, paid, or delivered upon
29 such wager or its loss, and repel any action brought for anything, the right or claim to which grows
30 out of such bet or wager.

31 3 Education Trust Fund; Sports Betting Added. Amend RSA 198:39, I(k) to read as follows:

32 (k) Funds collected and paid over to the state treasurer by the lottery commission
33 pursuant to RSA 284:44, [and] RSA 284:47, *and RSA 287-I*.

34 4 New Subparagraph; Gambling; Exceptions. Amend RSA 647:2, V by inserting after
35 subparagraph (e) the following new subparagraph:

36 (f) Sports wagering as defined by RSA 287-I:1, XV.

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

4 6 Effective Date. This act shall take effect upon its passage.

HB 480-FN- FISCAL NOTE

AS AMENDED BY THE SENATE (AMENDMENTS #2019-1974s, #2019-2196s and #2019-2396s)

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	\$0	\$11,250,000	\$11,750,000	\$12,500,000
Expenditures	\$617,700	\$1,291,000	\$1,331,000	\$1,367,000
Funding Source:	<input type="checkbox"/> General Lottery Fund <input type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other			

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. This bill also establishes a Council for Responsible Gambling to promote the education, prevention, and treatment of problem gambling within the state.

The 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;
- The "hold" will average 5 percent, which is based on industry experience;
- The Division of Sports Wagering will be staffed with ten employees;
- Information Technology expenditures will be \$200,000 in FY 2020 to procure equipment and services needed to fully integrate a contractor gaming system and additional

information technology support expenditures will be \$50,000 in FY 2021 and increase by an additional \$10,000 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. Using a per capita calculation of the total assumed legal sports betting market and recent activity in other northeastern states, the Commission estimates the New Hampshire market is around \$200 million to \$300 million in gross sales. 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				
Gross New Hampshire Sales	\$0	\$225,000,000	\$235,000,000	\$250,000,000
Five Percent "Hold"	\$0	\$11,250,000	\$11,750,000	\$12,500,000
Expenditures (Lottery Fund)				
Salary and Wages (10 positions)	\$146,000	\$797,000	\$821,000	\$842,000
Council Expenses	\$250,000	\$250,000	\$250,000	\$250,000
Information Technology	\$200,000	\$50,000	\$60,000	\$70,000
Other Expenses	\$21,700	\$194,000	\$200,000	\$205,000
Total Estimated Expenses	\$617,700	\$1,291,000	\$1,331,000	\$1,367,000

Below is a breakdown of the ten positions which will comprise the new division within the Lottery Commission.

Positions (Salary and Benefits)	Start Date	FY 2020	FY 2021	FY 2022	FY 2023
Division Director (LG 33)	1/1/20	\$62,000	\$124,000	\$128,000	\$129,000
Business Systems Analyst I (LG 28)	1/1/20	\$51,000	\$102,000	\$105,000	\$108,000
Administrative Assistant (LG 16)	1/1/20	\$33,000	\$66,000	\$68,000	\$71,000
(2) Two Enforcement Investigators (LG 16)	7/1/20	\$0	\$136,000	\$140,000	\$144,000
(2) Two Agency Audit Managers (LG 25)	7/1/20	\$0	\$162,000	\$166,000	\$170,000
Account Clerk III (LG 21)	7/1/20	\$0	\$80,000	\$83,000	\$85,000
Account Clerk I (LG 16)	7/1/20	\$0	\$66,000	\$68,000	\$70,000
Program Assistant I (LG 12)	7/1/20	\$0	\$61,000	\$63,000	\$65,000
Total Position Expenditures		\$0	\$797,000	\$821,000	\$842,000

AGENCIES CONTACTED:

Lottery Commission

CHAPTER 215
HB 480-FN - FINAL VERSION

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1 (b) Any principal or employee of any agent.

2 (c) Any contractor of the commission or its agents when such contract relates to the
3 conduct of sports wagering.

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

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

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

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

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

14 XI. "Prohibited sports event" means:

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

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

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

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

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

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

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

32 XV. "Sports wagering" means wagering on sporting events or any portion thereof, or on the
33 individual performance statistics of athletes participating in a sports event, or combination of sports
34 events, by any system or method of wagering, including but not limited to in person communication
35 and electronic communication through Internet websites accessed via a mobile device or computer
36 and mobile device applications. The term sports wagering shall include, but not be limited to, single

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- Page 3 -

1 game bets, teaser bets, parlays, over-under bets, money line bets, pools, exchange wagering, in game
2 wagering, in-play bets, proposition bets, and straight bets.

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

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9 conformance with the requirements of this chapter.

10 287-I:3 Commission Agents. The commission shall conduct sports books for sports wagering
11 through agents selected through a competitive bid process and approved by the governor and
12 executive council. Any such contract shall be based on the state receiving a percentage of revenue
13 from sports wagering activities within the state. The commission shall ensure that an agent
14 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
15 an agent, the commission shall consider, at a minimum, the experience and background of the agent,
16 the agent's ability to serve proposed locations for sports book retail operations, the agent's mobile
17 and Internet capabilities, the agent's contribution to economic development within the state, the
18 agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity in
19 betting. The commission shall select a group of bidders who best meet the criteria set forth in this
20 paragraph and select from that group the agents whose bids provide the state with the highest
21 percentage of revenue from the sports wagering activities covered by the bids, provided that the
22 commission determines that the bidder's commitment to return said revenue percentage to the state
23 is consistent with the bidder's commitment to meet all other criteria specified in the bid request and
24 in applicable law. All agents shall be subject to criminal and financial background checks as
25 prescribed by the commission.

26 287-I:4 Commission Directed Sports Wagering. The commission is further authorized to directly
27 offer lottery games to authorized bettors within the state in the form of tier III sports wagers
28 through the commission's lottery retailers subject to the provisions of this chapter. The commission
29 may retain vendors to support the commission in operating a sports book and such vendors shall be
30 selected through a competitive bid process and approved by the governor and executive council.

31 287-I:5 Sports Book Retail Operations. The commission and its agents are further authorized to
32 operate physical sports book retail locations within the state for the purposes of accepting tier I and
33 tier III sports wagers from authorized bettors and paying prizes relating to those wagers. The sports
34 book retail locations may be co-located with other commercial businesses or general commercial
35 retail locations. No more than 10 sports book retail locations may be in operation at any given time.

36 287-I:6 Local Option for Operation of Sports Book Retail Locations.

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

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

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

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

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

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

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

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

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

26 287-I:7 Mobile Sports Wagering Authorized. The commission and its agents are authorized to
27 operate a sports books that offer tier I, tier II, and tier III sports wagers through a mobile sports
28 wagering platform by mobile devices or over the Internet. No more than 5 mobile sports wagering
29 agents shall be in operation at any given time. With respect to mobile sports wagering, the
30 commission, either independently, or through its agent, shall provide:

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

33 II. Identity verification through secure online databases or by examination of photo
34 identification.

35 III. That mobile sports wagers must be initiated and received within the geographic borders
36 of the state of New Hampshire and may not be intentionally routed outside of the state. The

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1 incidental intermediate routing of mobile sports wager shall not determine the location or locations
2 in which such a wager is initiated, received, or otherwise made.

3 IV. Wager limits for daily, weekly, and monthly amounts consistent with the best practices
4 in addressing problem gambling.

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

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

9 287-I:8 Sports Wagering Supervision. The commission shall create a division of sports wagering
10 which will be responsible for ensuring compliance with the requirements of this chapter and any
11 rules promulgated by the commission in accordance with the authorities granted under this chapter.
12 In addition, the division, under the direction of the director and commission, shall ensure that the
13 commission's agents and vendors comply with the following obligations:

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

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

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

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

22 (d) Employment background checks and policies.

23 (e) Automated and manual risk management procedures.

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

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

27 (h) Any and all monitoring systems utilized by the agents or vendor to report and receive
28 information on suspicious betting activities.

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

30 (j) Description of anti-money laundering compliance standards.

31 (k) Descriptions of all integrated third-party systems or components and the security
32 procedures relating to those systems.

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

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- 1 (a) Documented system security testing performed by a licensed third-party contractor
2 approved by the commission;
- 3 (b) A description of all software applications that comprise the system;
- 4 (c) A procedure for third-party auditing of financial transactions received by the system;
- 5 (d) A description of all types of wagers supported by the system;
- 6 (e) Unique identification and verification systems for wagers;
- 7 (f) Procedures to prevent past posting of wagers;
- 8 (g) A list of data recorded relating to each wager;
- 9 (h) System redundancy to ensure recording of wagers during a system outage;
- 10 (i) A mechanism to provide read only access to the commission to the back office system
11 for the purposes of reviewing and auditing wagering activities;
- 12 (j) Integration with an independent control system to ensure integrity of system
13 wagering information;
- 14 (k) Capabilities for canceling existing wagers, freezing or suspending wagering across
15 the platform, or for specific events; and
- 16 (l) Any other issue identified by the division upon review of the proposed gaming system.

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

- 20 (a) The method for calculation and payment of winning wagers.
- 21 (b) The effect of schedule changes for a sports event.
- 22 (c) The method of notifying bettors of odds or proposition changes.
- 23 (d) Acceptance of wagers at terms other than those posted.
- 24 (e) Expiration dates for winning tickets.
- 25 (f) Circumstances under which the agent will void a bet.
- 26 (g) Treatment of errors, late bets, and related contingencies.
- 27 (h) Method of contacting the agents or vendor for questions or complaints.
- 28 (i) Description of those persons who are prohibited from wagering with the agents or
29 contractor if broader than the prohibited bettors list set forth in this section.
- 30 (j) The method and location for posting and publishing the approved house rules.

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

- 34 (a) A process for documenting and verifying beginning of day cash balance;
- 35 (b) Processes for recording collection of wagers, payment of wagers, and cancellation of
36 wagers issued;

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

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

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

10 VI. The commission's agents shall maintain a cash reserve available to pay wagers as
11 determined by the commission.

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

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

- 19 (a) The outcome can be verified;
20 (b) The outcome can be generated by a reliable and independent process; and
21 (c) The event is conducted in conformity with applicable laws.

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

- 23 (a) Cash;
24 (b) Cash equivalent;
25 (c) PayPal;
26 (d) Debit card;
27 (e) ACH;
28 (f) Promotional funds; and
29 (g) Any other means approved by the executive director.

30 X. Any agent or contractor who sends or receives electronic sports wagers is responsible to
31 ensure that any transfer of that wager is initiated and received and completed within the state of
32 New Hampshire and that only incidental intermediate routing of the wager occurs outside of the
33 state. The agent and contractor shall be responsible for periodically reviewing their information
34 technology systems and networks to ensure compliance with this section.

35 287-I:9 Proceeds to Education Fund. The proceeds received by the commission from sports
36 wagering, less the administrative costs of the commission, prizes paid, and payments for problem
37 gambling services, shall be deposited in the education trust fund established in RSA 198:39.

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1 287-I:10 Limitations on Sports Wagers. The commission and its agents are prohibited from the
2 following activities:

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

4 II. Accepting sports wagers on prohibited sports events.

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

7 287-I:11 Disclosure of Data Source. The commission and agents shall publicly disclose the
8 source of the data that will be used to determine the outcome of a tier II or tier III wager.

9 287-I:12 Risk Management. The commission's agents may take any risk management strategies
10 as authorized by the director.

11 287-I:13 Maintaining Sports Integrity. The commission and agents may participate in national
12 and international monitoring services and associations and may share betting information with
13 those entities and sports governing bodies in order to ensure the integrity of sports wagers and
14 sports events. The director may restrict, limit, or exclude wagering on a sports event if he or she
15 determines that such an action is necessary to ensure the integrity of the sports book.

16 287-I:14 Financial Reports. The commission may seek financial and compliance reports from its
17 agents periodically and may conduct audits of these reports to ensure that the state receives the
18 agreed upon revenue sharing proceeds.

19 287-I:15 Compliance Reviews. The commission shall retain oversight of its agents to ensure
20 that all sports wagering activities are conducted in accordance with this statute and any rules
21 adopted by the commission.

22 287-I:16 Fantasy Sports Exempted. Nothing in this chapter shall apply to fantasy sports
23 contests authorized pursuant to RSA 287-H.

24 287-I:17 Rulemaking. The commission shall adopt rules, pursuant to RSA 541-A, relative to the
25 operation, conduct, location, and oversight of sports books. The commission may enact emergency
26 rules, which will take effect upon approval.

27 215:2 Bets Void. Amend RSA 338:2 to read as follows:

28 338:2 Bets Void. *Except as authorized by the lottery commission*, all bets and wagers upon
29 any question where the parties have no interest in the subject except that created by the wager are
30 void; and either party may recover any property by him *or her* deposited, paid, or delivered upon
31 such wager or its loss, and repel any action brought for anything, the right or claim to which grows
32 out of such bet or wager.

33 215:3 Education Trust Fund; Sports Betting Added. Amend RSA 198:39, I(k) to read as follows:

34 (k) Funds collected and paid over to the state treasurer by the lottery commission
35 pursuant to RSA 284:44, [and] RSA 284:47, *and RSA 287-I*.

36 215:4 New Subparagraph; Gambling; Exceptions. Amend RSA 647:2, V by inserting after
37 subparagraph (e) the following new subparagraph:

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1 (f) Sports wagering as defined by RSA 287-I:1, XV.

2 215:5 New Chapter; Council for Responsible Gambling. Amend RSA by inserting after chapter
3 338-A the following new chapter:

4 CHAPTER 338-B

5 COUNCIL FOR RESPONSIBLE GAMBLING

6 338-B:1 Definitions. In this chapter, "council" means the council for responsible gambling.

7 338-B:2 Statement of Purpose. Education, prevention, and treatment relating to gambling
8 disorders are an integral part of a responsible gaming environment within the state.

9 338-B:3 Establishment. There is established the council for responsible gambling which shall
10 promote education, prevention, and treatment of problem gambling within the state.

11 338-B:4 Membership.

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

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

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

23 338-B:5 Powers and Duties. The council shall have the authority to enter into grants and
24 contracts for the purposes of furthering education, prevention, and treatment of problem gambling
25 within the state.

26 338-B:6 Report of the Council. The council shall submit a biennial report to the governor and
27 executive council on or before October 1 of each even-numbered year. The report shall include a
28 description of the council's activities including a financial report for the relevant time period.

29 338-B:7 Administrative Attachment. The council shall be administratively attached to the
30 lottery commission in accordance with RSA 21-G:10. In addition to the support provided to an
31 administratively attached agency, the lottery commission shall also provide the following to the
32 council:

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

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

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

4 215:6 Effective Date. This act shall take effect upon its passage.

Approved: July 12, 2019
Effective Date: July 12, 2019

Amendments

Sen. Giuda, Dist 2
Sen. Feltes, Dist 15
May 14, 2019
2019-1974s
08/04

Floor Amendment to HB 480-FN

1 Amend RSA 287-I:1, X(c) as inserted by section 1 of the bill by replacing it with the following:

2

3 (c) Any contractor of the commission or its agents when such contract relates to the
4 conduct of sports wagering.

5

6 Amend the introductory paragraph of RSA 287-I:7 as inserted by section 1 of the bill by replacing it
7 with the following:

8

9 287-I:7 Mobile Sports Wagering Authorized. The commission and its agents are authorized to
10 operate a sports book through a mobile sports wagering platform by mobile devices or over the
11 Internet. No more than 5 mobile sports wagering agents shall be in operation at any given time.
12 With respect to mobile sports wagering, the commission, either independently, or through its agent,
13 shall provide:

14

15 Amend the introductory paragraph of RSA 287-I:8, V-VII as inserted by section 1 of the bill by
16 replacing them with the following:

17

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

23 VI. The commission's agents shall maintain a cash reserve available to pay wagers as
24 determined by the commission.

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

31

Floor Amendment to HB 480-FN

- Page 2 -

1 Amend RSA 287-I:12-15 as inserted by section 1 of the bill by replacing them with the following:

2

3 287-I:12 Risk Management. The commission's agents may take any risk management
4 strategies as authorized by the director.

5 287-I:13 Maintaining Sports Integrity. The commission and agents may participate in national
6 and international monitoring services and associations and may share betting information with
7 those entities and sports governing bodies in order to ensure the integrity of sports wagers and
8 sports events. The director may restrict, limit, or exclude wagering on a sports event if he or she
9 determines that such an action is necessary to ensure the integrity of the sports book.

10 287-I:14 Financial Reports. The commission may seek financial and compliance reports from
11 its agents periodically and may conduct audits of these reports to ensure that the state receives the
12 agreed upon revenue sharing proceeds.

13 287-I:15 Compliance Reviews. The commission shall retain oversight of its agents to ensure
14 that all sports wagering activities are conducted in accordance with this statute and any rules
15 adopted by the commission.

Sen. Feltes, Dist 15
May 21, 2019
2019-2179s
08/10

Amendment to HB 480-FN

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

2

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

10

11 Amend RSA 287-I:3 and 287-I:4 as inserted by section 1 of the bill by replacing it with the following:

12

13 287-I:3 Commission Agents. The commission shall conduct sports books for sports wagering
14 through agents selected through a competitive bid process and approved by the governor and
15 executive council. Any such contract shall be based on the state receiving a percentage of revenue
16 from sports wagering activities within the state. The commission shall ensure that an agent
17 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
18 an agent, the commission shall consider, at a minimum, the experience and background of the
19 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's
20 mobile and Internet capabilities, the agent's contribution to economic development within the state,
21 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity
22 in betting. The commission shall select a group of bidders who best meet the criteria set forth in
23 this paragraph and select from that group ^{agent or} the agents whose bids provide the state with the highest
24 percentage of revenue from the sports wagering activities covered by the ^{bid or} bids, provided that the
25 commission determines that the bidder's commitment to return said revenue percentage to the state
26 is consistent with the bidder's commitment to meet all other criteria specified in the bid request and
27 in applicable law. All agents shall be subject to criminal and financial background checks as
28 prescribed by the commission.

29 287-I:4 Commission Directed Sports Wagering. The commission is further authorized to
30 directly offer lottery games to authorized bettors within the state in the form of tier III sports
31 wagers through the commission's lottery retailers subject to the provisions of this chapter. The
32 commission may retain vendors to support the commission in operating a sports book and such

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- Page 2 -

1 vendors shall be selected through a competitive bid process and approved by the governor and
2 executive council.

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

5
6 287-I:7 Mobile Sports Wagering Authorized. The commission and its agents are authorized to
7 operate a sports books that offer tier I, tier II, and tier III sports wagers through a mobile sports
8 wagering platform by mobile devices or over the Internet. No more than 5 mobile sports wagering
9 agents shall be in operation at any given time. With respect to mobile sports wagering, the
10 commission, either independently, or through its agent, shall provide:

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

13 II. Identity verification through secure online databases or by examination of photo
14 identification.

15 III. That mobile sports wagers must be initiated and received within the geographic borders
16 of the state of New Hampshire and may not be intentionally routed outside of the state. The
17 incidental intermediate routing of mobile sports wager shall not determine the location or locations
18 in which such a wager is initiated, received, or otherwise made.

19 IV. Wager limits for daily, weekly, and monthly amounts consistent with the best practices
20 in addressing problem gambling.

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

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

25
26 Amend RSA 287-I:8, I(h) as inserted by section 1 of the bill by replacing it with the following:

27
28 (h) Any and all monitoring systems utilized by the agents or vendor to report and
29 receive information on suspicious betting activities.

30
31 Amend RSA 287-I:8, III(f)-(i) as inserted by section 1 of the bill by replacing it with the following:

32
33 (f) Circumstances under which the agent will void a bet;

34 (g) Treatment of errors, late bets, and related contingencies;

35 (h) Method of contacting the agents or vendor for questions or complaints;

36 (i) Description of those persons who are prohibited from wagering with the agents or
37 contractor if broader than the prohibited bettors list set forth in this section;

Amendment to HB 480-FN
- Page 3 -

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

2

3 Amend RSA 287-I:8, X as inserted by section 1 of the bill by replacing it with the following:

4

5 X. Any agent or contractor who sends or receives electronic sports wagers is responsible to
6 ensure that any transfer of that wager is initiated and received and completed within the state of
7 New Hampshire and that only incidental intermediate routing of the wager occurs outside of the
8 state. The agent and contractor shall be responsible for periodically reviewing their information
9 technology systems and networks to ensure compliance with this section.

10

11 Amend the bill by replacing section 6 with the following:

12

13 6 Effective Date. This act shall take effect upon its passage.

UNAPPROVED

Senate Finance
May 22, 2019
2019-2196s
08/05

Amendment to HB 480-FN

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

2

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

10

11 Amend RSA 287-I:3 and 287-I:4 as inserted by section 1 of the bill by replacing it with the following:

12

13 287-I:3 Commission Agents. The commission shall conduct sports books for sports wagering
14 through agents selected through a competitive bid process and approved by the governor and
15 executive council. Any such contract shall be based on the state receiving a percentage of revenue
16 from sports wagering activities within the state. The commission shall ensure that an agent
17 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
18 an agent, the commission shall consider, at a minimum, the experience and background of the
19 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's
20 mobile and Internet capabilities, the agent's contribution to economic development within the state,
21 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity
22 in betting. The commission shall select a group of bidders who best meet the criteria set forth in
23 this paragraph and select from that group the agent or agents whose bids provide the state with the
24 highest percentage of revenue from the sports wagering activities covered by the bid or bids,
25 provided that the commission determines that the bidder's commitment to return said revenue
26 percentage to the state is consistent with the bidder's commitment to meet all other criteria
27 specified in the bid request and in applicable law. All agents shall be subject to criminal and
28 financial background checks as prescribed by the commission.

29

30 287-I:4 Commission Directed Sports Wagering. The commission is further authorized to
31 directly offer lottery games to authorized bettors within the state in the form of tier III sports
32 wagers through the commission's lottery retailers subject to the provisions of this chapter. The
commission may retain vendors to support the commission in operating a sports book and such

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1 vendors shall be selected through a competitive bid process and approved by the governor and
2 executive council.

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

5
6 287-I:7 Mobile Sports Wagering Authorized. The commission and its agents are authorized to
7 operate a sports books that offer tier I, tier II, and tier III sports wagers through a mobile sports
8 wagering platform by mobile devices or over the Internet. No more than 5 mobile sports wagering
9 agents shall be in operation at any given time. With respect to mobile sports wagering, the
10 commission, either independently, or through its agent, shall provide:

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

13 II. Identity verification through secure online databases or by examination of photo
14 identification.

15 III. That mobile sports wagers must be initiated and received within the geographic borders
16 of the state of New Hampshire and may not be intentionally routed outside of the state. The
17 incidental intermediate routing of mobile sports wager shall not determine the location or locations
18 in which such a wager is initiated, received, or otherwise made.

19 IV. Wager limits for daily, weekly, and monthly amounts consistent with the best practices
20 in addressing problem gambling.

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

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

25
26 Amend RSA 287-I:8, I(h) as inserted by section 1 of the bill by replacing it with the following:

27
28 (h) Any and all monitoring systems utilized by the agents or vendor to report and
29 receive information on suspicious betting activities.

30
31 Amend RSA 287-I:8, III(f)-(i) as inserted by section 1 of the bill by replacing it with the following:

32
33 (f) Circumstances under which the agent will void a bet;

34 (g) Treatment of errors, late bets, and related contingencies;

35 (h) Method of contacting the agents or vendor for questions or complaints;

36 (i) Description of those persons who are prohibited from wagering with the agents or
37 contractor if broader than the prohibited bettors list set forth in this section;

Amendment to HB 480-FN

- Page 3 -

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

2

3 Amend RSA 287-I:8, X as inserted by section 1 of the bill by replacing it with the following:

4

5 X. Any agent or contractor who sends or receives electronic sports wagers is responsible to
6 ensure that any transfer of that wager is initiated and received and completed within the state of
7 New Hampshire and that only incidental intermediate routing of the wager occurs outside of the
8 state. The agent and contractor shall be responsible for periodically reviewing their information
9 technology systems and networks to ensure compliance with this section.

10

11 Amend the bill by replacing section 6 with the following:

12

13 6 Effective Date. This act shall take effect upon its passage.

Sen. Giuda, Dist 2
Sen. Feltes, Dist 15
May 30, 2019
2019-2396s
08/10

ADOPTED

Floor Amendment to HB 480-FN

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

2

3 287-I:3 Commission Agents. The commission shall conduct sports books for sports wagering
4 through agents selected through a competitive bid process and approved by the governor and
5 executive council. Any such contract shall be based on the state receiving a percentage of revenue
6 from sports wagering activities within the state. The commission shall ensure that an agent
7 demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting
8 an agent, the commission shall consider, at a minimum, the experience and background of the
9 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's
10 mobile and Internet capabilities, the agent's contribution to economic development within the state,
11 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity
12 in betting. The commission shall select a group of bidders who best meet the criteria set forth in
13 this paragraph and select from that group the agents whose bids provide the state with the highest
14 percentage of revenue from the sports wagering activities covered by the bids, provided that the
15 commission determines that the bidder's commitment to return said revenue percentage to the state
16 is consistent with the bidder's commitment to meet all other criteria specified in the bid request and
17 in applicable law. All agents shall be subject to criminal and financial background checks as
18 prescribed by the commission.

Committee Minutes

**AMENDED TIME CHANGE
SENATE CALENDAR NOTICE
Ways and Means**

Sen Dan Feltes, Chair
Sen Lou D'Allesandro, Vice Chair
Sen Jeanne Dietsch, Member
Sen Chuck Morse, Member
Sen Bob Giuda, Member

Date: April 19, 2019

HEARINGS

	Wednesday	04/24/2019
	(Day)	(Date)
Ways and Means		9:00 a.m.
(Name of Committee)		(Time)
9:00 a.m. HB 480-FN	relative to sports betting.	
9:45 a.m. HB 458-FN	repealing certain inactive dedicated funds.	
10:00 a.m. HB 595-FN	relative to the administration of the tobacco tax.	
10:15 a.m. HB 600-FN	adding an exception to the real estate transfer tax for transfers of interest in certain low-income housing.	
10:30 a.m. HB 292-FN	relative to including brokers fees in the calculation of the insurance premium tax.	
10:45 a.m. HB 407-FN	clarifying the non taxability of certain telecommunications devices and equipment.	

EXECUTIVE SESSION MAY FOLLOW

Sponsors:

HB 480-FN

Rep. Lang
Rep. Aldrich
Rep. Soucy

Rep. Chirichiello
Rep. Janvrin

Rep. Morrison
Rep. Potucek

Rep. Horn
Rep. Goley

HB 458-FN

Rep. Major

Rep. Almy

Sen. Giuda

HB 595-FN

Rep. Ames

Rep. Abrami

HB 600-FN

Rep. Williams
HB 292-FN
Rep. Butler
HB 407-FN
Rep. Belanger

Sonja Caldwell 271-2117

Dan Feltes
Chairman

Senate Ways and Means Committee

Sonja Caldwell 271-2117

HB 480-FN, relative to sports betting.

Hearing Date: April 24, 2019

Members of the Committee Present: Senators Feltes, D'Allesandro, Dietsch, Morse and Giuda

Members of the Committee Absent : None

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

Sponsors:

Rep. Lang

Rep. Horn

Rep. Potucek

Rep. Chirichiello

Rep. Aldrich

Rep. Goley

Rep. Morrison

Rep. Janvrin

Rep. Soucy

Who supports the bill: Rep. Tim Lang, Rep. John Potucek, Robert Clegg, Rep. Werner Horn, Rick Newman (NH Charity Gaming Operators Assoc.), Chris Cipolla, Rep. Fred Doucette, Rep. Dick Ames

Who opposes the bill: Jennifer Cormier

Who is neutral on the bill: Greg Moore (AFP-NH), Ed Talbot (NH Council Problem Gambling), John Conforti (NH Lottery)

Summary of testimony presented:

Rep. Lang

- This bill legalizes and regulates sports betting.
- A Supreme Court decision last year freed up states to allow for the legalization of sports betting.
- The bill allows for consumer protections for NH citizens, creates a council for responsible gaming for addiction assistance, and creates an RFP process for the Lottery Commission to fine tune which companies will be allowed to operate in the state.

Greg Moore – AFP

- AFP is neutral on the bill. They welcome removing the barrier to sports betting.
- There is a robust black market across the state.
- They think there should be two specific focus areas and one would be

eliminating the black market. He believes we need to eliminate opportunities for cronyism. He pointed to page 3 of the bill, lines 30-31, relative to a cap of ten sports books. That is insufficient to eliminate the black market in the state. The opt-in provision would exacerbate the black market. There could be a concentration of these location in a small number of communities. He thinks this creates a cartel by limiting it to 10 locations and the cap should be removed. The cap was not in the original bill and the prime sponsor would be ok with removing it. He suggested a sunset on the opt-in provision if the committee decides to keep the opt-in in the bill.

Rick Newman – NH Charity Gaming Operators Assoc.

- They support the bill.
- He pointed out that on page 3, line 26 the bill talks about retail locations and limits wagers that can be accepted at a retail location to tier 1 and tier 3. Tier 2 is in-play sports and would not be allowed and he questioned why that is.
- He thinks the limit to 10 locations should be eliminated as the previous speaker stated.

Chris Cipolla – Draft Kings

- They became the first mobile sports wager app outside Nevada when they launched in New Jersey.
- Sports betting already takes place in New Hampshire through offshore websites but there are no legal protections for consumers.
- Rhode Island is live with sports wagering and all other New England states are considering it.
- They want an open, competitive sports betting market. They are concerned that the bill as currently drafted might allow for only one operator and this type of model has failed elsewhere.
- There shouldn't be an exorbitant revenue sharing model.
- On page 4, lines 20-23, the singular use of the word "agent" could lead to monopoly.
- NJ has 13 live mobile applications.
- He suggests a cap of 10 mobile applications as that is an appropriate market that could compete with the black market.

Jennifer Cormier

- She is opposed to the bill because she is concerned with the implications of legalizing gambling. She thinks there will be an increase. People that haven't tried it before will try it and get sucked into the addictive nature and families will be ruined.

John Conforti - Lottery Commission

- The Lottery Commission takes no position on the bill although they worked with Rep. Lang and Rep. Ames during the House process on the bill.
- In terms of being able to execute the legislation, they feel comfortable. They have concerns about proposed amendments they haven't seen. Lottery is

opposed to a completely unfettered market. The market won't support the number of operators NJ has right now.

- In response to a question from Sen. Giuda, he stated that they always intended it to be multiple agents. There is a substantial black market. They want sufficient flexibility to determine what the right number is for NH in terms of physical locations and mobile applications. They are concerned about market saturation and driving up costs. They want flexibility to have multiple agents but they don't yet know what the right number is.

Sen. Giuda asked if they can ascertain how many black market operators are engaged at the present time.

Mr. Conforti said no but added that the black market is a mobile market for the most part. That's why it is important to have a mobile channel to stamp out the black market.

Sen. Giuda asked if the Lottery Commission has any information on the percentage of people that would engage in this that are problem gamblers.

Mr. Conforti said yes, approximately 1% of lottery customers may engage in problematic behavior. It is important to the commission and they want to address it and this bill establishes a council to do that with money and training behind it. Mobile applications give them more ability to see what their customers are doing and to reach out to them if they are concerned. Draft Kings and Fan Duel go so far as to reach out to players to check on them. It's a more assertive way of dealing with responsible gambling.

Sen. Feltes asked what the expected revenue share is with the state from the agents through the RFP process.

Mr. Conforti doesn't know at this time. It ranges in other states from 10% to 50%. The number will be the subject of the RFP. It is important to let market decide during RFP process.

Sen. Feltes asked what the ideal number of mobile operators is.

Mr. Conforti said that is difficult to answer. They want to have a consultant come in and look at the market. It makes sense to have multiple operators. The problem with an unfettered market is driving up the cost of acquisition.

Sen. Feltes asked what an appropriate range is.

Mr. Conforti said NJ is at 13 and that seems much higher than what NH could support. He estimates no more than 3-5 but they need an expert consultant to look at that.

Sen. D'Allesandro asked how the state would handle a situation like the one that happened in Rhode Island when they got so much play on one team that they would end up losing money.

Mr. Conforti responded that the Lottery Commission would be able to authorize any risk management strategies. The bill has multiple channels and types of products to blend risks. A football card has a higher percentage hold for the state than a traditional betting app.

Rep. Ames

- The House strengthened the provision related to prohibited betting; high schools

are off limits as are most college events that involve NH teams except for some tournaments.

- The 10 location cap was added believing there should be more than one for competition reasons but in listening to the Lottery Commission, the belief was there would be two, not many.
- They tried to make sure everything in the bill was compliant with the federal wire act. The bill is designed to ensure initiation of bet and follow through would all be done within the state.
- The council on problem gambling is an important initiative.
- With regard to tier 2 – it's a riskier situation as he understands and perhaps that's why it was prohibited.

Sen. Giuda pointed to the fiscal note and asked if two enforcement investigators would be enough.

Mr. Conforti said those two are supplemental to investigators the Lottery Commission already has. They already have four who visit charitable gaming locations. They have auditors who will look at financial transactions on the mobile side and they also have IT staff to make sure programs run appropriately. They believe they are appropriately staffed to fully regulate this.

Sen. Dietsch asked what the incentive is to move to the new system for someone involved in a company pool.

Rep. Ames said one might have trouble collecting if they're a winner; it is difficult to do if you're operating in the black market.

sc

Date Hearing Report completed: April 25, 2019

Speakers

SENATE WAYS & MEANS COMMITTEE

Date 04/24/19

Time 9:00 a.m.

Public Hearing on

HB 480-FN

(Relative to sports betting.)

Please check box(es) that apply.

SPEAKING FAVOR OPPOSED

NAME (Please print)

REPRESENTING

✓	SPEAKING FAVOR <input type="checkbox"/>	OPPOSED <input type="checkbox"/>	NAME (Please print)	REPRESENTING
✓	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep Tim Lang (sponsor)	Belknap 4
✓	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Rep JOHN POTUCEK (CO SPONSOR)	Rock #6
✓	<input checked="" type="checkbox"/>	<input type="checkbox"/>	GRU MOORE	AFF-NH
✓	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Robert Clegg	self
✓	<input type="checkbox"/>	<input type="checkbox"/>	ED TALBOT	NH Moral Problem GAMBLING
✓	<input type="checkbox"/>	<input checked="" type="checkbox"/>	REP WERNER D. HORN	MERRIMACK 2
✓	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rick Newmark	NH CHARITY GAMING OPERATORS ASSOC.
✓	<input checked="" type="checkbox"/>	<input type="checkbox"/>	John Conforti	NH Lottery
✓	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Chris Cipolla	Draft Kings
✓	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Jennifer Cormier	self (Dunbarton)
✓	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FRED DAUCETTE (REP)	Rock #8
✓	<input type="checkbox"/>	<input checked="" type="checkbox"/>	REP. DICK AMES	Cheshire 9
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w/ amendments

Testimony

Statement on April 24, 2019, to the Senate Ways & Means Committee by Rep. Dick Ames in Support of HB 480 as Amended by the House

I come before you as Vice-Chair of the House Ways and Means Committee to explain and support amended House Bill 480, a bill that is identical in every respect to Sections 102 through 105 of the House adopted version of HB 2. Substantial Ways and Means recommended changes, developed in work sessions that were bipartisan from beginning to end, have been incorporated into this bill.

HB 480 will legalize sports betting in New Hampshire. Betting on sports will be allowed -- but only if conducted within the framework and subject to the limits and regulatory rules of a sports betting system operated by the New Hampshire Lottery Commission.

The magnitude of today's black market in sports gambling is staggering. The ESPN sports network estimates that under-the-table NFL and college football wagers top 95 billion dollars each year. Overall, up to 150 billion dollars is wagered illegally on sports every year in the United States, according to the American Gaming Association. A more conservative estimate places the per-year overall illegal sports wager total at about 70 billion dollars -- still a huge amount. New Hampshire certainly hosts its fair share of this illegal betting. 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. Agents will, for example, have to demonstrate 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.

The bill requires local approval for the physical placement and operation of retail sports gaming operations in a municipality. It also specifies that no more than ten such retail sports gaming locations may be in operation at any one time. This limit on the number of allowable locations ensures tight control by the Lottery Commission.

Limited forms of low risk sports wagers will be authorized for incorporation into the traditional Lottery system. Betting on high school sports and on typical sports events involving New Hampshire collegiate teams will be expressly prohibited. To ensure compliance with the federal Wire Act, only internet based wagers initiated and received within the state will be allowed.

A new, independent Council for Responsible Gambling, with authority to promote and fund education, prevention and treatment of problem gambling, is established and funded. Problem gambling is not a new phenomenon. Too many people participating now in legal and illegal gambling activities are badly hurt by it. Establishing this new Council for Responsible Gambling, and bringing black market sports betting out of the shadows into a place where help can be provided when needed, means that we are at last going to get serious about this destructive addiction.

HB 1 as recommended by the Governor and as adopted by the House anticipates \$10 million in net new revenue will be generated in FY 2021 by the sports betting system enabled by this bill and by HB 2.

I hope you will join the House in voting for HB 480.



Testimony Before New Hampshire Senate – Ways and Means Committee
House Bill 480 - April 24, 2019

Christopher Cipolla
Senior Manager, Government Affairs
DraftKings Inc.

Chairman Feltes, 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 United States.

In May 2018, 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 a 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.

It is important to recognize that sports betting is already taking place in New Hampshire. New Hampshire is not alone, as is clear when you look around the country and see that more than thirty states are actively considering legislation in connection with sports wagering. Every New England state will either be live with sports wagering or actively considering a bill this year.

According to studies published by the American Gaming Association, more than 276,000 New Hampshire residents are currently betting on sports illegally, wagering more than \$625 million per year. Nearly all 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. To impact the illegal offshore market in a significant way, the Legislature must allow for a competitive, fully mobile sports betting market with a reasonable revenue sharing arrangement.



We urge the Senate to consider certain measures in connection with HB 480 that will allow for an open, competitive mobile sports betting market, where the Lottery Commission licenses multiple mobile operators under a competitive procurement process that selects qualified operators and collects a fixed, reasonable revenue share for the state. Our recommendations are consistent with the legislature's intent to defeat the illegal market, protect consumers and maximize state revenue and business growth.

Consistent with an open, competitive market is a procurement process that takes into consideration a prospective operator's experience and capabilities to ensure they will offer a product that draws consumers from the illegal market into a regulated one. HB 480, however, potentially allows for the operation of a single mobile sportsbook in exchange for an operator promising a higher share of revenue than its competitors. The theory goes that if only one operator is responsible for all sports betting in the state and offers New Hampshire a higher rate of return than multiple operators under separate arrangements, the state will collect more money as a result. We've heard the same justification for passing similar language in other jurisdictions, none of which have experienced the success that New Jersey has had with its highly competitive mobile marketplace.

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.

The monopoly model was tried in Sweden and it failed to capture illegal offshore wagering activity. According to the Swedish Gaming Authority, between 2012 and 2016 participation in illegal offshore, unregulated gaming increased by 57%. During that same period, revenue for the government run gaming monopoly saw a decrease. By comparison, in the United Kingdom, which has multiple online gaming operators, approximately 95% of betting activity occurs in regulated channels. Due to these sagging revenues, the explosion of unregulated gaming, and concerns about money laundering and other criminal activity, the Swedish Government passed a law to "re-regulate" the gaming industry and join the 14 other European countries that allow gaming operators to seek licensure to operate legally in their countries in a competitive marketplace.



We have also seen the myth about the revenue generating advantages of a monopoly debunked in the United States in the iGaming industry. If you compare iGaming in New Jersey (competitive market) to Delaware (single operator), the competitive gaming markets are vastly more successful than monopolies. In 2018, Delaware iGaming brought in \$1.9 million in gaming revenue, but their haul was significantly outpaced by New Jersey's \$216 million in revenue. Adjusted for population, New Jersey's revenue is 13 times higher than that of Delaware.

A single mobile sportsbook operator also creates greater risk. Sports betting operators earn a profit by balancing risk among potential bettors, but this is not an exact science. With small margins and an even smaller margin for error, an unpredicted outcome in a sports contest could mean a huge hit to an operator's profit. If only a single mobile operator is permitted to operate in the state, the profits can be expected to vary tremendously from quarter to quarter and even year-over-year. Enabling multiple operators to compete and offer varied types of products will result in a situation where New Hampshire can minimize the risk of the odds makers getting it wrong.

Additionally, DraftKings believes that it is crucial to allow for multiple operators to serve the market without an exorbitant revenue sharing arrangement that impacts the operator's ability to compete with the illegal market. The imposition of a high revenue sharing arrangement fails to recognize sports wagering as a low margin venture. Equally important, a high revenue share will only restrict an operator's ability to innovate and create an attractive product for consumers, ultimately resulting in a suboptimal regulated sports wagering market in the state of New Hampshire. Barriers to market entry, such as high revenue sharing arrangements, cut into an operator's profit and reduce their ability to offer competitive pricing, a significant factor for consumers when making the decision on whether to enter the regulated market.

Finally, contrary to the thriving illegal 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. 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.

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

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

FanDuel Written Testimony
Andrew Winchell - Director, Government Affairs, FanDuel Group
New Hampshire Senate –Ways and Means Committee
HB 480
April 24, 2019

Chairman Feltes, Members of the Committee, thank you allowing me to provide testimony 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 creating a mobile-first sports entertainment business to new markets, as we have already done with our retail and mobile sportsbooks in New Jersey, Pennsylvania 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. Accordingly, we support the following principles to defeat the offshore market, protect consumers and maximize state tax revenue and business growth:

First, allow multiple operators to compete for New Hampshire's business.

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 illegal market and capture as much of that activity on legal, regulated platforms, then we believe an open market that permits real competition amongst experienced mobile operators is the only legitimate choice for New Hampshire.

We were encouraged by the earlier endorsements of a regulated framework with multiple mobile operators by representative Timothy Lang, the prime sponsor of the bill, and Executive Director Charlie 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 2018 alone, the first full month of operation for most mobile operators. That figure has risen to over

\$372 million in wagers in March of 2019 with over 80% coming from online bets. Of the more than \$2.3 billion wagered in New Jersey from June 2018 through March 2019, more than \$1.6 billion was wagered online. And mobile continues to grow even as land based sports betting has slowed.

By allowing multiple operators to bring mobile platforms to New Hampshire, lawmakers are encouraging healthy competition that will drive down prices, create a better customer experience and crowd illegal operators out of the marketplace.

Sports betting is a technology-driven industry. People are no longer content to simply pick winners and losers or guess how many total points will be scored by the end of the game, they want variety and excitement, including in-game betting options. Having a variety of sportsbooks that offer innovative and unique products is the best way to ensure that New Hampshire consumers continue to engage with the legal sports betting market.

Multiple operators will increase the overall economic impact that sports betting will have on the state. More operators mean not only better products and customer engagement, it also means more advertising revenue for local radio and print; bars and restaurants, and ultimately, more choices for consumers.

Second, establish a procurement process that emphasizes a qualitative review, not a quantitative one.

A core function of government is a transparent and fair procurement process that instills confidence among a state's constituents and prospective businesses that the state selects the best vendors or parties when it comes to the state government's licensing or contracting practices. Under the original language of HB 480, the Lottery Commission was required to consider certain criteria when selecting operators to conduct a sports book; however, recent changes that were adopted by the House by way of a recommendation from the House Ways and Means Subcommittee permits the Commission to at least consider a sole-source proposal by a prospective operator that offers a higher revenue sharing arrangement than other operators. We recognize that the new language is caveated by the consideration of the previously stated criteria under the original bill, which remains part of HB 480 today; however, the new language may have unintended consequences that we implore the Senate to consider. A prospective operator may suggest to the Lottery Commission that in exchange for an exclusive monopoly on operating a sports book, the prospective operator will offer a revenue sharing arrangement significantly higher than its competitors under the auspicious rationale that the state will receive more taxable revenue. Such a practice not only discourages healthy competition that results in a better product for players but also consequently will deter players from giving up their current products through the illegal market, which ultimately means that the state will be unable to tax and regulate a significant portion of sports betting that takes place in the state today.

Coupled with a reasonable tax rate, a multiple operator system selected by the existing set of criteria ensures greater market participation, greater illegal-market infiltration, and overall more taxable revenue for New Hampshire.

Third and finally, sports betting taxes must be fixed and reasonable.

Sports betting is a low-margin business, and most operators pay out between \$93 to \$95 in customer winnings out of every \$100 they take in as wagers. When you factor in marketing costs, regulatory costs, state and federal taxes and other fixed costs, legal sportsbooks operate on a very narrow margin. Because legal sportsbooks still must be able to compete with illegal offshore websites that pay no taxes and have no regulatory costs, New Hampshire should keep taxes reasonable.

Thank you for the opportunity to provide input. We hope to continue this conversation and work with legislators and regulators to make New Hampshire a leader in smart and effective sports betting regulation.



TO: Senate Ways and Means Committee
FROM: Christopher Jay, Esq., obo. Cornerstone Action
DATE: Wednesday, April 24, 2019
RE: HB 480, relative to sports betting. Please vote ITL.

Sports betting is a tax on people who can least afford it. There are many ways of raising revenue that do not involve exploiting those who cannot control their impulses.

1. Legalized Commercial Gambling *increases* (not decreases) illegal gambling

In conversations surrounding this issue, some have argued that this is simply taking advantage of pre-existing (illegal) gambling – regulating it and taxing it. While undoubtedly some illegal gambling is going on, research indicates that illegal gambling increases, not decreases, when commercial gambling is legalized!

2. The Government agency tasked with helping addicted gamblers is ineffective by definition

This bill allocates some of the profits from regulated gambling to the Council For Responsible Gambling. But if the efforts of this body were successful, it would put commercial gambling out of business! Commercial gambling is made profitable by extracting revenue from addicted gamblers. By definition, these people cannot control their impulses to spend, and thus, they are the most harmed by allowing high-pressured commercial gambling.

3. This is a tax on those with gambling addiction, and their families

Commercial gambling has been proffered as a revenue source to avoid an income tax. However, unlike a tax on luxury items or second homes, this is largely a tax on those who cannot control their impulse to gamble.

Note that simply because gambling ostensibly involves a “choice” does not mean that this is not a “tax” – every taxable act involves a choice. Income tax or sales tax involves a “choice” too – the choice to make income or buy a product.

High-pressure fast-paced sports betting is not like a friendly wager or even small-scale charitable gambling. Large-scale gambling extracts most of its profits from problem gamblers. In short, HB 480 is proposing to raise revenue by fostering an industry that targets those who cannot stop themselves. This is a tax on those who can least afford it - those struggling with a gambling addiction. The shockwaves from such exploitation will affect not only those individuals, but also their families, and their communities. Please find other ways of raising revenue that do not involve exploiting those with addiction.

Voting Sheets

Senate Ways & Means Committee
EXECUTIVE SESSION RECORD
2019-2020 Session

Bill # HB480

Hearing date: 4-24-19

Executive Session date: 5-8-19

Motion of: OTP Vote: 5-0

Committee Member	Present	Made by	Second	Yes	No
Sen. Feltes, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. D'Allesandro, VC	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Dietsch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Morse	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Giuda	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Motion of: _____ Vote: _____

Committee Member	Present	Made by	Second	Yes	No
Sen. Feltes, Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. D'Allesandro, VC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Dietsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Morse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Giuda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Motion of: _____ Vote: _____

Committee Member	Present	Made by	Second	Yes	No
Sen. Feltes, Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. D'Allesandro, VC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Dietsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Morse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Giuda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Reported out by: Giuda

Notes: _____

Committee Report

STATE OF NEW HAMPSHIRE
SENATE
REPORT OF THE COMMITTEE

Wednesday, May 8, 2019

THE COMMITTEE ON Ways and Means

to which was referred HB 480-FN

AN ACT relative to sports betting.

Having considered the same, the committee recommends that the Bill

OUGHT TO PASS

BY A VOTE OF: 5-0

Senator Bob Giuda
For the Committee

Sonja Caldwell 271-2117

WAYS AND MEANS

HB 480-FN, relative to sports betting.

Ought to Pass, Vote 5-0.

Senator Bob Giuda for the committee.

STATE OF NEW HAMPSHIRE
SENATE
REPORT OF THE COMMITTEE

Wednesday, May 22, 2019

THE COMMITTEE ON Finance

to which was referred **HB 480-FN**

AN ACT relative to sports betting.

Having considered the same, the committee recommends that the Bill

OUGHT TO PASS WITH AMENDMENT

BY A VOTE OF: 6-0

AMENDMENT # 2196s

Senator Dan Feltes
For the Committee

Deb Martone 271-4980

General Court of New Hampshire - Bill Status System

Docket of HB480

Docket Abbreviations

Bill Title: relative to sports betting.*Official Docket of HB480.:*

Date	Body	Description
1/10/2019	H	Introduced 01/03/2019 and referred to Ways and Means HJ 3 P. 16
1/23/2019	H	==CANCELLED== Public Hearing: 01/30/2019 10:00 am LOB 202
1/29/2019	H	==RESCHEDULED== Public Hearing: 02/07/2019 10:00 am LOB 202
2/14/2019	H	Subcommittee Work Session: 02/20/2019 02:00 pm LOB 202
2/27/2019	H	Subcommittee Work Session: 03/06/2019 02:00 pm LOB 202
3/8/2019	H	Subcommittee Work Session: 03/13/2019 09:00 am LOB 202
2/27/2019	H	Executive Session: 03/13/2019 10:00 am LOB 202
3/14/2019	H	Majority Committee Report: Ought to Pass with Amendment #2019-0974h for 03/19/2019 (Vote 17-2; RC) HC 16 P. 15
3/14/2019	H	Minority Committee Report: Inexpedient to Legislate
3/19/2019	H	Amendment #2019-0974h : AA VV 03/19/2019 HJ 10 P. 41
3/19/2019	H	Ought to Pass with Amendment 2019-0974h: MA RC 269-82 03/19/2019 HJ 10 P. 41
4/1/2019	S	Introduced 03/28/2019 and Referred to Ways and Means; SJ 12
4/4/2019	S	==TIME CHANGE== Hearing : 04/24/2019, Room 100, SH, 09:00 am; SC 19A
5/8/2019	S	Committee Report: Ought to Pass, 05/15/2019; SC 22
5/15/2019	S	Sen. Giuda Floor Amendment #2019-1974s , AA, VV; 05/15/2019; SJ 16
5/15/2019	S	Ought to Pass with Amendment 2019-1974s, MA, VV; Refer to Finance Rule 4-5; 05/15/2019; SJ 16
5/22/2019	S	Committee Report: Ought to Pass with Amendment #2019-2196s , 05/30/2019; SC 24
5/30/2019	S	Committee Amendment #2019-2196s , AA, VV; 05/30/2019; SJ 18
5/30/2019	S	Sen. Giuda Floor Amendment #2019-2396s , AA, VV; 05/30/2019; SJ 18
5/30/2019	S	Ought to Pass with Amendments 2019-2196s and 2019-2396s, MA, VV; OT3rdg; 05/30/2019; SJ 18
6/13/2019	H	House Concurs with Senate Amendment 1974s/2196s/2396s (Rep. Almy): MA VV 06/13/2019 HJ 19 P. 13
6/28/2019	S	Enrolled (In recess 06/27/2019); SJ 21
6/28/2019	H	Enrolled 06/27/2019 HJ 20 P. 53
7/16/2019	H	Signed by Governor Sununu 07/12/2019; Chapter 215; Eff: 07/12/2019

NH House

NH Senate

Other Referrals

Senate Inventory Checklist for Archives

Bill Number: HB 480-FN

Senate Committee: WTM

Please include all documents in the order listed below and indicate the documents which have been included with an "X" beside

Final docket found on Bill Status

Bill Hearing Documents: {Legislative Aides}

Bill version as it came to the committee

All Calendar Notices

Hearing Sign-up sheet(s)

Prepared testimony, presentations, & other submissions handed in at the public hearing

Hearing Report

Revised/Amended Fiscal Notes provided by the Senate Clerk's Office

Committee Action Documents: {Legislative Aides}

All amendments considered in committee (including those not adopted):

___ - amendment # ___ ___ - amendment # ___

___ - amendment # ___ ___ - amendment # ___

Executive Session Sheet

Committee Report

Floor Action Documents: {Clerk's Office}

All floor amendments considered by the body during session (only if they are offered to the senate):

- amendment # 1974 ___ - amendment # ___

___ - amendment # ___ ___ - amendment # ___

Post Floor Action: (if applicable) {Clerk's Office}

___ Committee of Conference Report (if signed off by all members. Include any new language proposed by the committee of conference):

___ Enrolled Bill Amendment(s)

___ Governor's Veto Message

All available versions of the bill: {Clerk's Office}

as amended by the senate ___ as amended by the house

final version

Completed Committee Report File Delivered to the Senate Clerk's Office By:

Committee Aide

Date

Senate Clerk's Office jm

Senate Inventory Checklist for Archives

Bill Number: HB 480-FN

Senate Committee: Finance

Please include all documents in the order listed below and indicate the documents which have been included with an "X" beside

Final docket found on Bill Status

Bill Hearing Documents: {Legislative Aides}

- Bill version as it came to the committee
- All Calendar Notices
- Hearing Sign-up sheet(s)
- Prepared testimony, presentations, & other submissions handed in at the public hearing
- Hearing Report
- Revised/Amended Fiscal Notes provided by the Senate Clerk's Office

Committee Action Documents: {Legislative Aides}

All amendments considered in committee (including those not adopted):

- amendment # 2179 - amendment # 2196
- amendment # _____ - amendment # _____

Executive Session Sheet

Committee Report

Floor Action Documents: {Clerk's Office}

All floor amendments considered by the body during session (only if they are offered to the senate):

- amendment # 2396 - amendment # _____
- amendment # _____ - amendment # _____

Post Floor Action: (if applicable) {Clerk's Office}

- Committee of Conference Report (if signed off by all members. Include any new language proposed by the committee of conference):
- Enrolled Bill Amendment(s)
- Governor's Veto Message

All available versions of the bill: {Clerk's Office}

- as amended by the senate as amended by the house
- final version

Completed Committee Report File Delivered to the Senate Clerk's Office By:

Committee Aide

Date

Senate Clerk's Office JM