

**HB 480-FN - VERSION ADOPTED BY BOTH BODIES**

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

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ANALYSIS

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

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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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  
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.

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  
8 a 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  
23 or 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  
27 enforces 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  
37 game bets, teaser bets, parlays, over-under bets, money line bets, pools, exchange wagering, in  
38 game 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  
14 agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's  
15 mobile and Internet capabilities, the agent's contribution to economic development within the state,  
16 the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity  
17 in betting. The commission shall select a group of bidders who best meet the criteria set forth in  
18 this 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  
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. The  
27 commission may retain vendors to support the commission in operating a sports book and such  
28 vendors shall be selected through a competitive bid process and approved by the governor and  
29 executive council.

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

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

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

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1 be construed to prohibit Internet or mobile wagering or lottery games involving tier III sports  
2 wagers in 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  
6 the alternative, shall place the question on the official ballot for any regular municipal election  
7 upon 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.

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

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

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

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

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

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

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

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

18           (d) Employment background checks and policies.

19           (e) Automated and manual risk management procedures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 This plan should include identification of posting and materials related to problem gaming,  
2 resources to be made available to bettors expressing concerns about problem gaming, house imposed  
3 player limits, and self-exclusion programs.

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

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

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

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

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

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

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

29 287-I:9 Proceeds to Education Fund. The proceeds received by the commission from sports  
30 wagering, less the administrative costs of the commission, prizes paid, and payments for problem  
31 gambling services, shall be deposited in the education trust fund established in RSA 198:39.

32 287-I:10 Limitations on Sports Wagers. The commission and its agents are prohibited from the  
33 following activities:

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

36 II. Accepting sports wagers on prohibited sports events.

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



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

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

4 338-B:4 Membership.

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

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

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

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

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

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

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

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

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

34 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
<b>Appropriation</b>	\$0	\$0	\$0	\$0
<b>Revenue</b>	\$0	\$11,250,000	\$11,750,000	\$12,500,000
<b>Expenditures</b>	\$617,700	\$1,291,000	\$1,331,000	\$1,367,000
<b>Funding Source:</b>	<input type="checkbox"/> General <input type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Lottery Fund			

**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:

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Revenue Estimates</b>				
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
<b>Expenditures (Lottery Fund)</b>				
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
<b>Total Estimated Expenses</b>	<b>\$617,700</b>	<b>\$1,291,000</b>	<b>\$1,331,000</b>	<b>\$1,367,000</b>

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

<b>Positions (Salary and Benefits)</b>	<b>Start Date</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
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
<b>Total Position Expenditures</b>		<b>\$0</b>	<b>\$797,000</b>	<b>\$821,000</b>	<b>\$842,000</b>

**AGENCIES CONTACTED:**

Lottery Commission