

SB 182-FN-A-LOCAL – AS INTRODUCED

2011 SESSION

11-0912

08/09

SENATE BILL **182-FN-A-LOCAL**

AN ACT relative to video lottery and table gaming, providing property tax relief for local economies, providing services for problem gamers, and promoting tourism and public safety.

SPONSORS: Sen. D'Allesandro, Dist 20; Sen. Rausch, Dist 19; Sen. Gallus, Dist 1

COMMITTEE: Ways and Means

ANALYSIS

This bill:

I. Allows video lottery machines at 4 facility locations in the state pursuant to a competitive application process.

II. Establishes a permit process for table gaming.

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

IV. Distributes proceeds of video lottery machines to the general fund, municipalities where the facility is located and abutting communities, all 10 counties for property tax reduction, the alcohol and drug abuse treatment program for problem gaming programs, the fire standards and training and emergency medical services fund, the police standards and training council training fund, the department of resources and economic development for the promotion of tourism, and the general fund.

V. Distributes a percentage of the proceeds from table gaming to the general fund.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Eleven

AN ACT relative to video lottery and table gaming, providing property tax relief for local economies, providing services for problem gamers, and promoting tourism and public safety.

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

1 1 Statement of Purpose: The general court finds that:

2 I. Regulation of all forms of gaming is vitally important to the economy of the state and the
3 general welfare of New Hampshire citizens.

4 II. By virtue of New Hampshire's location, natural resources, and development, tourism is a
5 critically important and valuable asset in the continued viability of the state and strength of its
6 communities.

7 III. New Hampshire has an interest in promoting economic recovery, revenue, property tax
8 relief and job creation as soon as possible through the development of regulated gaming in order to
9 preserve the quality of life for New Hampshire residents.

10 IV. The state will limit the proliferation of gaming by controlling the locations for gaming
11 sites in New Hampshire. The locations shall be determined based on demographics, population,
12 access to appropriate transportation, suitability for tourism, local resources, and development
13 opportunities.

14 V. Any license issued or permission granted pursuant to the provisions of RSA 284-B is a
15 revocable privilege and no holder acquires any vested right in such license or permission.

16 2 New Chapters; Video Lottery Machines; Table Games; Gaming Regulatory Oversight
17 Authority. Amend RSA by inserting after chapter 284-A the following new chapters:

18 CHAPTER 284-B

19 VIDEO LOTTERY MACHINES

20 284-B:1 Definitions.

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

23 II. "Applicant" means any person, officer, director, or key employee, who on his or her own
24 behalf or on behalf of another, is applying for permission to engage in any act or activity which is
25 regulated under the provisions of this chapter. In cases in which the applicant is a corporation,
26 foundation, organization, business trust, estate, limited liability company, trust, partnership, limited
27 partnership, association, or any other form of legal business entity, the lottery commission shall
28 determine the affiliated persons whose qualifications must be provided and reviewed as a
29 precondition to the licensing of the applicant.

1 III. “Central computer system” means a central monitor and control system provided and
2 monitored by the lottery commission to which video lottery terminals communicate for purposes of
3 information retrieval, retrieval of the win and loss determination from video lottery machines, and
4 programs to activate and disable video lottery machines.

5 IV. “Charitable gaming” means games of chance and other gaming as permitted under
6 RSA 287-A, RSA 287-D, and RSA 287-E.

7 V. “Facility operator applicant” means the applicant applying for approval by the lottery
8 commission as a facility operator licensee.

9 VI. “Facility operator licensee” means the facility operator licensed by the lottery
10 commission to possess, conduct, and operate video lottery machines at a facility location.

11 VII. “Facility location” means the land, buildings, structures, and any portion thereof
12 approved by the lottery commission for video lottery machine operations by a facility operator
13 licensee.

14 VIII. “Gaming regulatory oversight authority” or “authority” means the gaming regulatory
15 oversight authority established in RSA 284-A.

16 IX. “Key employee” means any individual who is employed in a director or department head
17 capacity and who is authorized to make discretionary decisions that regulate video lottery machine
18 operations, including the general manager and assistant manager of the operator licensee or
19 technology provider, director of operations, director of cage or credit operations, director of
20 surveillance, director of marketing, director of management information systems, director of
21 security, comptroller, and any employee who supervises the operations of these departments or to
22 whom these department directors or department heads report, and such other positions which the
23 lottery commission shall determine based on detailed analyses of job descriptions as provided in the
24 internal controls of the licensee. All other gaming employees shall be considered non-key employees.

25 X. “License A” means the license issued to a facility operator licensee to operate up to 3,500
26 video lottery machines at a facility location pursuant to this chapter and for which license the facility
27 operator licensee pays an initial license fee of \$50,000,000.

28 XI. “License B” means the license issued to a facility operator licensee to operate up to 3,500
29 video lottery machines at a facility location pursuant to this chapter and for which license the facility
30 operator licensee pays an initial license fee of \$50,000,000.

31 XII. “License C” means the license issued to a facility operator licensee to operate up to 2,000
32 video lottery machines at a facility location pursuant to this chapter and for which license the facility
33 operator licensee pays an initial license fee of \$30,000,000.

34 XIII. “License D” means the license issued to a facility operator licensee to operate up to
35 1,000 video lottery machines at a facility location pursuant to this chapter and for which license the
36 facility operator licensee pays an initial license fee of \$15,000,000.

37 XIV. “Licensee” means any applicant licensed by the lottery commission under this chapter.

1 XV. “Net machine income” means all cash or other consideration utilized to play a video
2 lottery machine at a facility licensee, less all cash or other consideration paid to players of video
3 lottery machines as winnings. Non-cashable promotional credits shall be excluded from the
4 calculation.

5 XVI. “Progressive jackpot” means a prize that increases over time or as video lottery
6 machines that are linked to a progressive system are played. Upon conditions established by the
7 lottery commission, a progressive jackpot may be paid by annuity.

8 XVII. “Progressive system” means one or more video lottery machines linked to one or more
9 common progressive jackpots.

10 XVIII. “Request for application” means a request for applications to be submitted by
11 applicants to the lottery commission pursuant to RSA 284-B:3.

12 XIX. “Table game” means games authorized pursuant to RSA 284-C.

13 XX. “Technology provider” means any person or entity which designs, manufactures,
14 installs, distributes, or supplies video lottery machines for sale or lease to the facility operator
15 licensees, and which are for use by a facility operator licensee for conducting video lottery games in
16 accordance with this chapter.

17 XXI. “Technology provider license” means the license issued by the lottery commission to a
18 technology provider licensee which allows the technology provider licensee to design, manufacture,
19 install, distribute, or supply video lottery machines for sale or lease to the facility operator licensees.

20 XXII. “Technology provider licensee” means a technology provider that is licensed by the
21 lottery commission.

22 XXIII. “Token” means the coin or coupon, which is not legal tender, sold by a cashier in a
23 face amount equal to the cash paid by a player for the sole purpose of playing a video lottery machine
24 at the facility licensee or paid to a player of a video lottery machine, which can be exchanged for cash
25 at the facility licensee.

26 XXIV. “Video lottery” means any lottery conducted with a video lottery machine or linked
27 video lottery machines with an aggregate progression prize or prizes. Video lottery conducted
28 pursuant to this chapter shall not be considered a state-run lottery.

29 XXV. “Video lottery machine” means an electronic, mechanical, or computerized machine
30 which, upon the insertion of bills, coins, tokens, or any representative of value is available to be
31 played where, by chance or skill, or both, the player may receive cash, cash equivalents, or tokens.
32 Video lottery machines include, but are not limited to, slot machines, video poker machines, and
33 other lottery machines. A machine shall be considered a video lottery machine notwithstanding the
34 use of an electronic credit system making the deposit of bills, coins, or tokens unnecessary. Video
35 lottery machines do not include any redemption slot machines and redemption poker machines as
36 defined in RSA 647:2 or video poker machines or other similar machines used for amusement
37 purposes only.

1 284-B:2 Video Lottery Oversight and Regulation.

2 I. No license shall be issued to any person under this chapter without prior approval of the
3 lottery commission pursuant to this chapter and RSA 284:21-w. The lottery commission shall only
4 issue licenses to persons who operate video lottery machines at a facility location after meeting the
5 requirements of this chapter. The lottery commission shall have the exclusive authority to license
6 and regulate the installation, operation, and conduct of video lottery machines.

7 II. The lottery commission shall have general responsibility for the implementation of this
8 chapter and shall adopt rules, that include as a minimum guidance from the North American
9 Gaming Regulators Association, under RSA 541-A relative to:

10 (a) Issuing requests for applications, and hearing and deciding all license applications or
11 recommendations for the suspension or revocation of any license issued under this chapter.

12 (b) Conducting all investigations in conjunction with the attorney general required
13 under this chapter with regard to the application of any applicant for any license.

14 (c) Conducting hearings pertaining to civil violations, rules, and penalties required
15 under this chapter.

16 (d) Establishing standards for licensure and a reasonable fee structure for the licensing
17 and renewal of licenses for facility operators and technology providers consistent with this chapter.

18 (e) Establishing technical standards for approval of video lottery machines, including
19 mechanical and electrical reliability and security against tampering, as deemed necessary to protect
20 the public from fraud or deception and to insure the integrity of the operation.

21 (f) Establishing standards for the competitive review of facility operator applicants
22 pursuant to RSA 284-B:4.

23 (g) Ensuring that all licensees update the lottery commission with regard to any change
24 in ownership or material change in information or data regarding the licensee that the commission
25 determines is necessary and appropriate.

26 (h) Ensuring that any facility operator licensee seeking to host or operate table games at
27 a facility licensee location has appropriate approvals from the lottery commission pursuant to
28 RSA 284-C.

29 (i) Prescribing the methods and forms of application which any applicant shall follow
30 and complete prior to consideration of the application by the commission.

31 (j) Prescribing the methods, procedures, and form for delivery of information concerning
32 any person's family, habits, character, associates, criminal record, business activities, and financial
33 affairs.

34 (k) Prescribing procedures for the fingerprinting of an applicant, employee of a licensee,
35 or registrant, or other methods of identification which may be necessary in the judgment of the
36 commission to accomplish effective enforcement of restrictions to access to the licensed facility.

37 (l) Prescribing the manner and procedure of all hearings conducted by the commission or

1 any hearing examiner, including special rules of evidence applicable thereto and notices thereof.

2 (m) Prescribing the method of collection of payments of taxes, fees, and penalties.

3 (n) Defining and limiting the areas of operation, the rules of authorized games, odds, and
4 devices permitted, and the method of operation of such games and devices.

5 (o) Prescribing grounds and procedures for the revocation or suspension of licenses.

6 (p) Governing the manufacture, distribution, sale, and servicing of gaming devices and
7 equipment.

8 (q) Prescribing minimum procedures for the exercise of effective control over the internal
9 fiscal affairs of a licensee, including provisions for the safeguarding of assets and revenues, the
10 recording of cash and evidence of indebtedness, and the maintenance of reliable records, accounts,
11 and reports of transactions, operations, and events, including reports to the lottery commission.

12 (r) Providing for a minimum standard of accountancy methods, procedures, and forms; a
13 uniform code of accounts and accounting classifications; and such other standard operating
14 procedures as may be necessary to assure consistency, comparability, and effective disclosure of all
15 financial information.

16 (s) Requiring quarterly financial reports and the form thereof, and an annual audit
17 prepared by a certified public accountant licensed to do business in this state, attesting to the
18 financial condition of a licensee and disclosing whether the accounts, records, and control procedures
19 examined are maintained by the licensee as required by this chapter.

20 (t) Governing the gaming-related advertising of licensees, their employees and agents,
21 with the view toward assuring that such advertisements are in no way deceptive and promote the
22 purposes of this chapter; provided, however, that such rules shall require the words “Bet with your
23 head, not over it,” or some comparable language approved by the lottery commission, to appear on all
24 billboards, signs, and other on-site advertising of a licensee operation and shall require the words “If
25 you or someone you know has a gambling problem and wants help, call 1-800-GAMBLER,” or some
26 comparable language approved by the commission, provided such language shall include the words
27 “gambling problem” and “call 1-800-GAMBLER,” which shall appear legibly on all print, billboard,
28 and sign advertising of a casino operation.

29 (u) Providing for the establishment and maintenance by the lottery commission of a list
30 of persons who are to be excluded or ejected from any facility licensed under RSA 284, because of the
31 person’s criminal background or presence in a licensed facility would be, in the opinion of the lottery
32 commission, inimical to the interests of the state, including standards relating to persons to be
33 excluded, and providing for a self-exclusion program to be established by facility operator licensees,
34 whereby persons who are problem gamblers can be excluded or ejected from a licensed facility.

35 (v) The licensing process and approval process for selecting the provider of the central
36 computer system.

37 III. Pending the adoption of rules under RSA 541-A, the lottery commission shall adopt

1 interim rules pursuant to RSA 541-A:19 relative to the licensing process within 90 days of the
2 effective date of this chapter. Notwithstanding any law to the contrary such interim rules shall
3 remain in effect until final rules relative to standards set forth in RSA 284-B:2, II are adopted
4 pursuant to RSA 541-A, which shall be no later than June 1, 2012. The lottery commission shall
5 coordinate its rulemaking process for final rules to comply with the review and oversight authority of
6 the gaming regulatory oversight authority established RSA 284-A. The lottery commission shall
7 consult with the gaming regulatory oversight authority during the development of its rules and shall
8 provide proposed interim and final rules to the gaming regulatory oversight authority in a timely
9 manner to comply with the requirements of this section.

10 IV. The lottery commission shall provide and operate a single central monitor and control
11 system into which all licensed video lottery machines shall be connected.

12 (a) The central monitor and control system shall be capable of:

13 (1) Continuously monitoring, retrieving, and auditing the operations, financial data,
14 and program information of all video lottery machines;

15 (2) Allowing the lottery commission to account for all money inserted in and payouts
16 made from any video lottery terminal;

17 (3) Disabling from operation or play any video lottery machine as the lottery
18 commission deems necessary to carry out the provisions of this chapter;

19 (4) Supporting and monitoring a progressive jackpot system capable of operating one
20 or more progressive jackpots; and

21 (5) Providing any other function that the lottery commission considers necessary.

22 (b) The central monitor and control system shall employ a widely accepted gaming
23 industry communications protocol, as approved by the Gaming Standards Association, to facilitate
24 the ability of video lottery machine manufacturers to communicate with the statewide system.

25 (1) Except as provided in subparagraph (2), the lottery commission shall not allow an
26 operator licensee to have access to, or obtain information from, the central monitor and control
27 system.

28 (2) If the access does not in any way affect the integrity or security of the central
29 monitor and control system, the lottery commission may allow an operator licensee to have access to
30 the central monitor and control system that allows the licensee to obtain information pertinent to the
31 legitimate operation of its video lottery.

32 V. The lottery commission may issue subpoenas and compel the attendance of witnesses,
33 and may administer oaths and require testimony of witnesses under oath.

34 VI. No later than November 1 of each calendar year, the lottery commission shall submit a
35 report to the fiscal committee of the general court, regarding the operation of video lottery machines.
36 Such report may include recommendations for future legislation.

37 VII.(a) The lottery commission shall keep a written record of all proceedings of public

1 meetings of the commission.

2 (b) The lottery commission shall keep and maintain a list of all applicants for licenses it
3 receives under this chapter together with a record of all actions taken with respect to such
4 applicants. Subject to subparagraphs (d) and (e), a file and record of the actions by the lottery
5 commission shall be open to public inspection provided, however, that the information regarding any
6 applicant whose license or registration has been denied, revoked, or not renewed shall be removed
7 from such list after 5 years from the date of such action.

8 (c) The lottery commission shall maintain such other files and records as the commission
9 determines is necessary. All records maintained by the lottery commission may be maintained in
10 digital or other format, provided that such information can be produced in written form upon the
11 request of the commission.

12 (d) All information and data required by the lottery commission to be furnished to it, or
13 which may otherwise be obtained, shall be considered to be confidential and shall not be revealed in
14 whole or in part except in the course of the necessary administration of this chapter, or upon the
15 lawful order of a court of competent jurisdiction, or, with the approval of the attorney general, to a
16 duly authorized law enforcement agency.

17 (e) All information and data pertaining to an applicant's or key employee's finances,
18 family, and background furnished to or obtained by the lottery commission from any source shall be
19 considered confidential and shall be withheld in whole or in part. Such information shall be released
20 upon the lawful order of a court of competent jurisdiction or to a duly authorized law enforcement
21 agency. Notwithstanding the above, the criminal record of an applicant or a key employee shall be
22 available for review as a public record of the lottery commission.

23 (f) Notice of the contents of any information or data to be released, except to a duly
24 authorized law enforcement agency pursuant to subparagraph (d) or (e), shall be given to any
25 applicant, registrant, or licensee in a manner prescribed by the rules adopted by the lottery
26 commission so that the applicant, registrant, or licensee has the opportunity to object to such
27 release.

28 VIII. The lottery commission, the attorney general, and the division of state police gaming
29 enforcement unit may from time to time contract for such financial, economic, or security
30 consultants, and any other technical and professional services as the lottery commission deems
31 necessary for the discharge of its duties.

32 284-B:3 Number of Facility Operator Licenses

33 I. The lottery commission shall review, select, and grant licenses for up to 4 facility
34 operators: license A, license B, license C, and license D. Facility operators granted a license A or a
35 license B may operate up to 3,500 video lottery machines each at their respective facility locations. A
36 facility operator granted a license C may operate up to 2,000 video lottery machines at its facility
37 location. A facility operator granted a license D may operate up to 1,000 video lottery machines at

1 its facility location.

2 II. In order to facilitate the timely and orderly deployment of licensed gaming operations in
3 this state, the lottery commission shall adopt a schedule by which applications for facility operators
4 and technology providers shall be filed, considered, and resolved in accordance with the provisions of
5 this section. In so doing, the lottery commission shall consider, approve, condition, or deny the
6 approval of all filed applications for technology providers at least simultaneously with the lottery
7 commission's approval, denial, or conditional approval of any facility operator license applications.

8 III. The lottery commission shall issue a request for applications for facility operators
9 pursuant to the process set forth in this section. The lottery commission shall approve, approve with
10 condition, or deny all applications submitted. The first request for applications shall be issued
11 within 30 days of the adoption of interim rules by the lottery commission pursuant to RSA 284-B:2,

12 III. Such first request for applications shall be for a license A facility operator and a license C
13 facility operator. The request for applications shall require all applications in response to the first
14 request for applications to be submitted by no later than January 15, 2012. The lottery commission
15 shall issue a request for applications for a license B facility operator and a license D facility operator
16 by December 31, 2012 and such applications shall be submitted no later than February 15, 2013.

17 IV. The lottery commission shall not issue a request for applications from or issue a license
18 to any applicant seeking to operate video lottery machines or table games at a facility location within
19 a radius of 5 miles of the facility location of any other facility operator licensee.

20 284-B:4 License Requirements for Facility Operators.

21 I. A facility operator shall obtain a facility operator's license from the lottery commission to
22 possess, conduct, and operate video lottery machines as follows:

23 (a) An applicant shall complete and sign an application on forms and in a manner
24 prescribed by the lottery commission.

25 (b) The applicant shall include information regarding:

26 (1) The applicant's criminal history background including authorization for a
27 criminal background and records check, and an attested disclosure of all arrests and citations for
28 non-traffic offenses;

29 (2) Civil judgments;

30 (3) Financial affairs;

31 (4) The full name, address, date of birth, and other personal identifying information
32 of the applicant and all key employees;

33 (5) If a corporation or other form of business enterprise, the information required by
34 this subparagraph shall be provided with respect to each partner, trustee, officer, director, and any
35 shareholder or other holder who owns more than 10 percent of the legal or beneficial interests of
36 such entity; and

37 (6) The identity of the owners of the facility location along with information required

1 by this subparagraph shall be provided with respect to each owner, partner, principal, trustee,
2 officer, director and any shareholder or other holder who owns more than 10 percent of the legal or
3 beneficial interest of such facility location. If the owner of the facility location is not an affiliate of
4 the applicant, the applicant shall also submit a copy of the proposed lease agreement and executed
5 letter of intent between the facility location and the applicant.

6 (c) The lottery commission shall not accept applications from applicants except within
7 the timeframe prescribed by the request for applications issued by the lottery commission.

8 (d) If the applicant or any principal has held or holds a gaming or video lottery machine
9 license in a jurisdiction where video lottery machine activities are permitted, the applicant shall so
10 state and may produce either a letter of reference from the gaming or lottery enforcement or control
11 agency which sets forth the experience of that agency with the applicant, the applicant's associates
12 and gaming operations, or a statement under oath that the applicant is or was during the period the
13 activities were conducted in good standing with the agency.

14 (e) The application shall be accompanied by a complete description of the proposed
15 project including a description of the facility location and all supporting amenities, type and number
16 of video lottery machines, and type and number of table games.

17 (f) The application shall include information explaining how the proposed project meets
18 the following criteria:

19 (1) The availability of local resources to support services and amenities necessary to
20 accommodate projected guest volume in the form of transportation, rooms and meals, utilities, law
21 enforcement, and mental health services.

22 (2) The immediate and long range financial feasibility of the applicant's proposed
23 project including a projection of the revenues to be produced by the operation of the video lottery
24 machines at the facility location, and proposed table games if applicable, as supported by an expert
25 experienced in the field of gaming.

26 (3) A licensing fee payment bond, letter of credit, or guaranty on private equity or
27 other fund with demonstrated cash and reserve availability supporting the applicant's ability to pay
28 the licensing fee.

29 (4) The development of jobs for the local community and a commitment to equal
30 opportunity employment.

31 (5) The ability of the applicant's proposed facility location to efficiently generate and
32 sustain an acceptable level of revenue and revenue growth.

33 (6) The ability of the applicant to comply with statutory, regulatory, and technical
34 standards applicable to the design of the proposed facility.

35 (7) The demonstrated experience of the owners of the facility operator in developing,
36 constructing, and managing a similar enterprise.

37 (8) The character and fitness of the principals and key employees of the facility

1 operator.

2 (9) The accessibility of the proposed facility location to public access and public
3 highway infrastructures.

4 (10) The suitability of the proposed location and facility design for tourism and
5 entertainment, including the applicant's degree of control over the facility location, the applicant's
6 projected capital investment in the facility, compatibility of local zoning, commercial development
7 opportunities and the applicant's plan to meet community needs.

8 (11) Whether the applicant has support of the municipality in which the project is
9 proposed by local referendum consistent with RSA 284-B:9.

10 (12) The availability of space in the facility for charitable gaming to take place under
11 RSA 287-D.

12 (13) A proposed system of internal security and accounting controls.

13 II.(a) Within 30 days of receiving an application, the lottery commission shall examine the
14 application, notify the applicant whether the application is complete pursuant to RSA 284-B:6, VIII.
15 The applicant shall be given the opportunity to correct any deficiencies within the timeframe
16 prescribed by the lottery commission and the lottery commission shall thereafter confirm whether
17 the application is complete or incomplete.

18 (b) If the lottery commission determines that there is only one complete application for a
19 particular license, then the lottery commission shall review such application and within 30 days
20 determine whether the applicant meets the criteria set forth in subparagraph I(f). The lottery
21 commission shall give the applicant the opportunity to respond to questions concerning any of the
22 criteria and to submit such additional information as may be requested. If such a determination is
23 made, the applicant shall proceed to a background review by the attorney general pursuant to
24 paragraph III and a final license review by the lottery commission pursuant to RSA 284-B:6.

25 (c) To the extent more than one application for a particular license is confirmed complete
26 pursuant to subparagraph (a), the lottery commission shall schedule a hearing within 30 days of
27 confirming completeness pursuant to the hearing process set forth in RSA 541-A regarding
28 adjudicative proceedings. Competing applicants will serve pre-hearing memoranda as prescribed by
29 the lottery commission which shall include at a minimum a summary of evidence each applicant
30 intends to present in support of its application for licensure. Competing applications will be heard
31 separately by the lottery commission at one hearing. There will be no right for one application to
32 cross-examine witnesses of a competing applicant. Upon conclusion of the hearing, based on the
33 evidence submitted, the lottery commission shall determine which applicant demonstrates
34 superiority in meeting the criteria of subparagraph I(f) based on evidence that the applicant's
35 experience, project design, availability of resources, and local support will enable the applicant to
36 quickly, efficiently, and effectively begin operations, generate revenues to the state, attract tourism
37 from out of state, accommodate traffic, and support the community. The lottery commission shall

1 order the successful applicant to proceed to a background review by the attorney general pursuant to
2 RSA 284-B:4, III and a final license review by the lottery commission pursuant to RSA 284-B:6.

3 (d) Subject to RSA 284-B:3, IV, no facility operator applicant denied approval by the
4 lottery commission pursuant to this paragraphs I and II, shall be prevented from responding to
5 subsequent requests for applications.

6 (e) Upon issuance of an initial determination that a facility operator applicant for a
7 license A or license C meets the criteria under subparagraph I(f), the lottery commission shall, upon
8 the direction of the fiscal committee of the general court, require such facility operator applicants to
9 pay the applicable license fee set forth in subparagraph IV(c) to the lottery commission. The amount
10 paid by any such facility operator applicant shall be refunded to such facility operator applicant if a
11 final license is not issued to such facility operator applicant pursuant to subparagraph III(c) and
12 RSA 284-B:6, XI.

13 III.(a) The attorney general shall conduct a background review of each facility operator
14 applicant upon an initial determination pursuant to RSA 284-B:4, II above and any of its principals
15 and key employees, and owners, principals and key employees of the facility location if not an
16 affiliated with the applicant, consistent with RSA 284-B:4. The background review may be
17 conducted through any appropriate state or federal law enforcement system and the authorized
18 reviewers may seek information as to the subject's financial, criminal, or business background, or
19 any other information which the attorney general, in his or her sole discretion, may find relevant to
20 the subject's fitness to be associated with the ownership or management of the operation of video
21 lottery machines in New Hampshire, including, but not limited to, the subject's character, personal
22 associations, and the extent to which the subject is properly doing business in the manner in which it
23 purports to operate. If the applicant is a pari-mutuel licensee licensed and authorized to conduct
24 racing, whether live, simulcast, or both, as provided in RSA 284:16 or RSA 284:16-a at a pari-mutuel
25 licensee location, and the attorney general has conducted a background investigation pursuant to
26 RSA 284:15-b within the 12 months prior to the application filing, the attorney general may rely on
27 the results of the previous investigation to the extent the applicant's circumstances have not
28 materially changed. The attorney general shall also take into consideration as evidence of fitness a
29 letter of reference or sworn statement of good standing produced pursuant to subparagraph I(d). The
30 attorney general shall report the results of the background review to the lottery commission within
31 60 days. Notwithstanding any other law to the contrary, the information provided to the attorney
32 general and the results of any such review shall be confidential and shall not be subject to disclosure
33 or to public inspection, except that the attorney general, in the attorney general's sole discretion,
34 shall determine the extent to which and the manner in which said results may be reported to the
35 lottery commission or other state agency or official and, if reported, whether such results are to
36 retain their confidential character; provided, however, that whenever the attorney general conducts
37 such a review, the attorney general shall notify the lottery commission whether or not in his or her

1 opinion such person is fit to be associated with participation in the ownership or management of the
2 operation of video lottery machines in this state. The attorney general may conduct such review on
3 the attorney general’s motion into the background of the license applicant or holder, or any person or
4 entity upon whom the license applicant or holder relies for financial support.

5 (b) In any review conducted pursuant to subparagraph (a), the attorney general or any
6 duly authorized member of the attorney general’s staff may require by subpoena or otherwise the
7 attendance of witnesses and the production of such correspondence, documents, books, and papers as
8 he or she deems advisable, and for purposes of this section, may administer oaths and take the
9 testimony of witnesses.

10 (c) Upon receipt of the report of the attorney general, the lottery commission shall
11 determine whether the facility operator applicant meets the criteria for issuance of a license
12 pursuant to RSA 284-B:6.

13 IV.(a) The lottery commission shall impose an application fee of \$100,000 which shall be
14 used to defray the cost of processing the application. If the cost of processing the application exceeds
15 \$100,000, the applicant shall pay the difference.

16 (b) The attorney general shall impose an investigation fee of \$50,000 which shall be used
17 to defray the cost of the background investigation. If the cost of the background investigation
18 exceeds \$50,000, the applicant shall pay the difference.

19 (c) Upon approval of a facility operator licensee, the lottery commission shall charge an
20 initial license fee of \$50,000,000 for a facility operator licensee seeking a license A or license B;
21 \$30,000,000 for a facility operator licensee seeking a license C; and \$15,000,000 for a facility operator
22 licensee seeking a license D. The lottery commission shall charge a license fee of \$1,500,000 to
23 renew a license A or license B; \$1,000,000 to renew a license C; and \$500,000 to renew a license D;
24 however, such person seeking renewal of such license shall pay all costs incurred by the attorney
25 general to conduct an investigation with regard to such application to renew the facility operator’s
26 license. Notwithstanding any other provision of this chapter, all funds received by the lottery
27 commission pursuant to this subparagraph, less expenses of the commission related to establishing
28 regulations and the acquisition of a central computer system, shall be deposited in the revenue
29 stabilization reserve account established in RSA 9:13-e.

30 284-B:5 Technology Provider Licensee Applications. A technology provider licensee applicant
31 shall obtain a technology provider license from the lottery commission, as follows:

32 I. An applicant shall complete and sign an application on forms and in a manner prescribed
33 by the lottery commission.

34 II. The applicant shall include information regarding:

35 (a) The applicant’s criminal history background including authorization for a criminal
36 background and records check, and an attested disclosure of all arrests and citations for non-traffic
37 offenses;

- 1 (b) Civil judgments;
- 2 (c) Financial affairs using a multi-jurisdictional personal history disclosure form;
- 3 (d) The full name, address, date of birth, and other personal identifying information of
- 4 the applicant and all key employees; and
- 5 (e) If a corporation or other form of business enterprise, the same information shall be
- 6 provided with respect to each partner, trustee, officer, director, and any shareholder or other holder
- 7 who owns more than 10 percent of the legal or beneficial interests of such entity.

8 III. If the applicant or any owner has held or holds a technology provider, manufacturer, or

9 supplier's license in a jurisdiction where video lottery machine activities are permitted, the applicant

10 shall so state and may produce either a letter of reference from the gaming or lottery enforcement or

11 control agency which sets forth the experience of that agency with the applicant, the applicant's

12 associates, and gaming operation, or a statement under oath that the applicant is or was during the

13 period the activities were conducted in good standing with the agency.

14 IV. The attorney general shall conduct a background review of each technology provider

15 applicant and any of its owners and key employees. The review may be conducted through any

16 appropriate state or federal law enforcement system and may seek information as to the subject's

17 financial, criminal, or business background, or any other information which the attorney general, in

18 his or her sole discretion, may find relevant the subject's fitness to be associated with the

19 distribution of video lottery machines in New Hampshire, including, but not limited to, the subject's

20 character, personal associations, and the extent to which the subject is properly doing business in

21 the manner in which it purports to operate. The attorney general shall take into consideration as

22 evidence of fitness a letter of reference or sworn statement of good standing. The attorney general

23 shall report the results of the review to the lottery commission within 60 days. Notwithstanding any

24 other law to the contrary, the information provided to the attorney general and the results of any

25 such review shall be confidential and shall not be subject to disclosure or to public inspection, except

26 that the attorney general, in the attorney general's sole discretion, shall determine the extent to

27 which and the manner in which said results may be reported to the lottery commission or other state

28 agency or official and, if reported, whether such results are to retain their confidential character;

29 provided, however, that whenever the attorney general conducts such a review, the attorney general

30 shall notify the lottery commission whether or not in his or her opinion such person is fit to be

31 associated with the distribution of video lottery machines in this state. The attorney general may

32 conduct a background review on the attorney general's motion into the background of the license

33 applicant or holder, or any person or entity upon whom the license applicant or holder relies for

34 financial support.

35 V. In any review conducted pursuant to paragraph IV, the attorney general or any duly

36 authorized member of the attorney general's staff may require by subpoena or otherwise the

37 attendance of witnesses and the production of such correspondence, documents, books, and papers as

1 he or she deems advisable, and for purposes of this section, may administer oaths and take the
2 testimony of witnesses.

3 VI.(a) The lottery commission shall charge the technology provider applicant an application
4 fee of \$100,000 which shall be used to defray the cost of processing the application. If the cost of
5 processing the application exceeds \$100,000, the applicant shall pay the difference.

6 (b) The attorney general shall charge the technology provider applicant an investigation
7 fee of \$25,000 which shall be used to defray the cost of the background investigation. If the cost of
8 the background investigation exceeds \$25,000, the applicant shall pay the difference.

9 (c) Upon approval of a technology provider licensee, the lottery commission shall charge
10 an initial license fee of \$50,000. Licenses shall expire after 5 years. The lottery commission shall
11 charge a fee of \$50,000 to renew a license to a technology provider licensee provided, however, such
12 person seeking renewal of its license shall pay all costs incurred by the attorney general to conduct
13 an investigation with regard to such application to renew the operator's license.

14 284-B:6 Licensure Requirements for All Licenses.

15 I. No license shall be issued by the lottery commission unless the applicant demonstrates it
16 complies with the provisions of this section. The lottery commission shall consider as evidence of
17 compliance any letter of reference or sworn statement of good standing from the gaming or lottery
18 enforcement or control agency in every jurisdiction where the applicant has held or holds a gaming
19 or video lottery machine license submitted pursuant to RSA 284-B:4, I(d) or RSA 284-B:5, III. The
20 lottery commission shall consider:

21 (a) The applicant's financial stability, integrity, and responsibility, considering, without
22 limitation, bank references, business and personal income and disbursement schedules, tax returns,
23 and other reports filed with governmental agencies, business and personal accounting records, check
24 records, and ledgers.

25 (b) The trustworthiness of all financial backers, investors, mortgagees, bondholders, and
26 holders of indentures, notes, and other evidences of indebtedness of the applicant, its affiliated
27 persons, subsidiaries, or holding companies.

28 (c) The applicant's good character, honesty, and integrity, considering, without
29 limitation, information pertaining to family, habits, character, reputation, criminal and arrest
30 record, business activities, financial affairs, and business, professional, and personal associates,
31 covering at least the 10-year period immediately preceding the filing of the application.

32 (d) The applicant's business ability and experience in the operation of video lottery
33 machines, as appropriate, so as to establish the likelihood of a successful and efficient operation.

34 (e) Disclosure of any material administrative or enforcement actions pending in other
35 jurisdictions.

36 II. No license shall be issued by the lottery commission to any applicant unless the applicant
37 proves that each director, officer, or key employee of the applicant, its principals, subsidiaries, and

1 holding companies complies with the criteria for licensure contained in this section. The lottery
2 commission may waive the requirements of this section for a person directly or indirectly holding
3 ownership of securities in a publicly traded corporation if the board determines that the holder of the
4 securities is not significantly involved in the activities of the corporation and does not have the
5 ability to control the corporation or elect one or more directors thereof. The lottery commission may
6 determine whether the licensing standards of another jurisdiction within the United States or
7 Canada in which an applicant, its affiliate, intermediary subsidiary, or holding company for an
8 operator or technology vendor license is similarly licensed are comprehensive and thorough and
9 provide similar adequate safeguards as those required by this chapter. If the lottery commission
10 makes that determination, it may determine that the facility operator or technology vendor meets
11 the standards set forth in RSA 284-B:6, I if an applicant holds a similar license in such other
12 jurisdiction after conducting an evaluation of the information relating to the applicant from such
13 other jurisdiction, as updated by the lottery commission, and evaluating other information related to
14 the applicant received from that jurisdiction and other jurisdictions where the applicant may be
15 licensed. The lottery commission may incorporate such information, in whole or in part, into its or
16 the attorney general's evaluation of the applicant.

17 III. No license shall be issued by the lottery commission to any applicant if the applicant,
18 any key employee, or any individual who has an ownership or financial interest in or with the
19 applicant or its facility location is an elected official of the general court or executive branch of the
20 state of New Hampshire or the attorney general's office or the lottery commission on a full or part-
21 time or contractual basis at any time during the previous 2 years. If any such applicant, key
22 employee, or any individual who has an ownership or financial interest in the applicant becomes
23 such an elected official, the applicant shall be subject to sanctions pursuant to RSA 284-B:14.

24 IV. In the event the lottery commission finds that an individual who is a principal or has an
25 interest in the applicant does not meet the eligibility requirements of paragraph I herein, and on this
26 basis the applicant shall be denied a license, the lottery commission may afford the individual the
27 opportunity to completely divest his or her interest in the applicant and after such divestiture
28 reconsider the applicant's suitability for licensure in an expedited proceeding and may, after such
29 proceeding, issue the applicant a license.

30 V. No license shall be issued to a facility operator applicant unless the applicant has
31 obtained local approval as provided in RSA 284-B:9.

32 VI. No licensee or any individual or entity that is an owner of, or has a financial interest in
33 or with, the licensee or facility location shall be permitted to make a political contribution as defined
34 by RSA 664:2, VIII.

35 VII.(a) The lottery commission shall grant or deny each application according to the time
36 frames set forth in RSA 284-B:4. No facility operator licensee may begin operations until the lottery
37 commission has adopted final rules. Once final rules have been adopted, a facility operator licensee

1 may commence operations in a temporary facility while completing construction of the permanent
2 facility.

3 (b) The lottery commission may impose reasonable requirements upon a facility
4 operator licensee with respect to the completion of construction of the permanent facility, provided
5 that the lottery commission may amend, modify, or waive such conditions upon good cause shown by
6 the facility operator licensee and determined by the lottery commission.

7 VIII. The lottery commission shall not consider an incomplete application and shall notify
8 the applicant in writing if an application is incomplete. An application shall be considered
9 incomplete if it does not include all applicable fees and all information and accompanying
10 documentation required by the commission, including, but not limited to, a current tax lien
11 certificate issued by the department of revenue administration at the time of filing the application.
12 Any unpaid taxes identified on the tax lien certificate shall be paid before the application is
13 considered complete. A notification of incompleteness shall state the deficiencies in the application
14 that must be corrected prior to consideration of the merits of the application.

15 IX. Notwithstanding any law to the contrary, the lottery commission shall not consider any
16 application for a license if the applicant or any person affiliated with or directly related to the
17 applicant is a party in any ongoing civil proceeding in which the party is seeking to overturn or
18 otherwise challenge a decision or order of the lottery commission pertaining to the approval, denial
19 or conditioning of a license to operate video lottery machines. This paragraph shall not be
20 interpreted to affect the rights of applicants to seek judicial enforcement of mandatory obligations of
21 boards or commissions as may be required by this part.

22 X. The applicant at all times shall have the burden of establishing its eligibility and
23 suitability for licensure. If the applicant does not meet the requirements for licensure, the lottery
24 commission may deny, revoke, suspend, or condition the license until the applicant meets the
25 requirements.

26 XI. Following approval of an application for a license, the applicant shall provide formal
27 notification to the commission as soon as:

28 (a) It fulfills all required conditions for issuance of the license; and

29 (b) The board's decision approving the application is a final, binding, nonappealable
30 determination which is not subject to a pending legal challenge. Upon receipt of such formal
31 notification, upon conducting any necessary verification, and payment of the license fee, the lottery
32 commission shall issue a license to the applicant. The licensee shall pay any applicable licensing
33 fees in full within 15 days of receiving the license, provided, however, any payment made by an
34 applicant pursuant to RSA 284-B:4, II(e) shall be a complete credit for the initial fee due pursuant to
35 RSA 284-B:4, IV(c).

36 XII. Applicants may appeal the denial of a license to the New Hampshire supreme court,
37 pursuant to RSA 541. Notwithstanding any law to the contrary, such appeal shall be filed with the

1 clerk of the supreme court within 5 days after the commission has denied any request for
2 reconsideration. Such appeal shall be limited to questions of law. Findings of fact made by the
3 commission shall be final if supported by the requisite evidence. The supreme court may hold a
4 special session to consider such appeal if it considers such action necessary.

5 284-B:7 Exclusion of Minors.

6 I. No person under 21 years of age shall play a video lottery machine authorized by this
7 chapter. Each violation of this paragraph shall be punishable by a fine of no more than \$2,400 and
8 shall be payable by such person who violates this section.

9 II. No operator licensee shall knowingly permit any person under 21 years of age to play or
10 participate in any aspect of the play of a video lottery machine or table game. Each violation of this
11 paragraph shall be punishable by a fine of no more than \$20,000 and shall be payable by the
12 operator licensee.

13 284-B:8 Distribution of Net Machine Income.

14 I.(a) Forty percent of the net machine income generated by video lottery machines at a
15 facility licensee shall be paid as follows:

16 (1) Thirty-one percent of the net machine income generated by video lottery
17 machines shall be paid to the state from which the state shall pay for the costs of regulation
18 administration, enforcement of this chapter under RSA 21-P:11-b, and the operation of the central
19 computer system, and the balance shall be deposited in the general fund of the state.

20 (2) Three percent of the net machine income generated by video lottery machines
21 operated by a facility operator licensee in any specific municipality shall be paid to the municipality
22 in which the operator licensee operates video lottery machines.

23 (3) Three percent of the net machine income generated by video lottery machines
24 operated by a facility operator licensee shall be paid to the state treasurer to be divided equally
25 amongst each county in the state for property tax relief in each county.

26 (4) One percent of the net machine income generated by video lottery machines
27 operated by a facility operator licensee shall be paid in equal portions to each of the municipalities of
28 New Hampshire which abut and are contiguous to a municipality in which that operator licensee
29 operates video lottery machines; provided, however, that if a municipality abuts and is contiguous to
30 more than one municipality in which an operator licensee operates video lottery machines, such
31 municipality shall only receive net machine income pursuant to this paragraph from the operator
32 licensee who operates video lottery machines in the same county as the abutting municipality.

33 (5) One percent of the net machine income generated by all video lottery machines
34 shall be paid to the state treasurer and credited to the commissioner of the department of health and
35 human services to support programs established by RSA 172 to treat problem gambling.

36 (6) One-half of one percent of the net machine income generated by video lottery
37 machines shall be paid to the state treasurer and credited to the division of travel and tourism

1 development, department of resources and economic development, for the purpose of promoting
2 tourism in the state.

3 (7) One-half of one percent of the net income generated by all video lottery machines
4 shall be paid equally to the police standards and training council training fund established in
5 RSA 188-F:30 and the fire standards and training and emergency medical services fund established
6 RSA 21-P:12-d to be used for reimbursement of expenses incurred for certification training and
7 salaries.

8 (b) The balance of the funds from the net machine income from video lottery machines
9 shall be retained by the facility operator licensee that operates such video lottery machines.

10 II. The facility operator licensee shall deliver the amounts payable to the state or
11 municipality as provided in paragraph I in immediately available funds of the United States on a
12 daily basis. At the time payment is delivered, the operator licensee shall provide a written
13 accounting of net machine income generated from the video lottery machines by the operator licensee
14 on an aggregate basis and the calculation of amounts due to the state separately for distribution
15 pursuant to subparagraphs I(a)(1), (5), (6), and (7), the amount due the municipality pursuant to
16 subparagraph I(a)(2), the amount due to the county pursuant to subparagraph I(a)(3), the amount
17 due certain municipalities pursuant to subparagraph I(a)(4), and the balance of net machine income
18 retained by the operator licensee. The facility operator licensee shall pay a penalty of \$1,000 for
19 each day that payment or the accounting is not delivered on time to the state, a penalty of \$1,000 for
20 each day that payment or the accounting is not delivered to the municipality on time, and a penalty
21 of \$1,000 for each day that payment or the accounting is not delivered to the county on time.

22 284-B:9 Procedures for Adoption by Local Community.

23 I. Any municipality in which a facility location is or proposes to be situated may adopt the
24 provisions of RSA 284-B to allow the operation of video lottery machines in the following manner:

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

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

36 (c) In any unincorporated place, and notwithstanding any other provision of law to the
37 contrary, upon the request of a facility operator applicant to authorize the operation of video lottery

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

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

15 (e) The wording of the question shall be substantially as follows: “Shall we adopt the
16 provisions of RSA 284-B allowing the operation of video lottery machines at [insert the name of the
17 proposed facility location] located within the [insert name of town, city, or unincorporated place]”?

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

21 284-B:10 Inspection of Video Lottery Machines; Penalty for Tampering or Manipulating.

22 I. The lottery commission shall periodically test video lottery machines installed at any
23 location. In conducting such tests, the lottery commission shall use the services of an independent
24 laboratory, and the cost of such independent laboratory shall be paid by the technology provider.

25 II. Any person who purposely manipulates the outcome, payoff, or operation of any video
26 lottery machine or table game by physical, electronic, or mechanical means, shall be guilty of a
27 felony.

28 284-B:11 Video Lottery Machines.

29 I.(a) A facility operator licensee shall provide to the lottery commission prior to commencing
30 operations of any video lottery machines, by diagram or narrative, a description of:

31 (1) The location of each video lottery machine available for play by the public.

32 (2) The location of all areas for the storage, maintenance, or repair of video lottery
33 machines.

34 (3) A description of all security measures to be taken for the safeguarding of video
35 lottery machines.

36 (4) The location and security measures taken for the safeguarding of all moneys,
37 tokens, or other items of value utilized in the use of video lottery machines.

1 (5) All procedures for the operation, maintenance, repair, and inserting or removing
2 of moneys, tokens, or other items of value from video lottery machines; and

3 (6) All internal control systems as required by RSA 284:21-w.

4 (b) The provisions of subparagraphs (a)(1)-(6) shall be approved by the lottery
5 commission prior to commencing the operation of any video lottery machine.

6 II. No video lottery machine shall be possessed, maintained, exhibited, brought into, or
7 removed from a facility licensee by any person unless such machine has permanently affixed to it an
8 identification number or symbol authorized by the lottery commission and prior notice of any such
9 movement has been given to the lottery commission.

10 III. Each facility operator licensee shall maintain secure facilities for the counting and
11 storage of all moneys, tokens, or other items of value utilized in the conduct of video lottery
12 machines.

13 IV. The drop boxes and other devices shall not be brought into a facility licensee or removed
14 from an video lottery machine, locked or unlocked, except at such specific times and such places and
15 according to such procedures as the lottery commission may require to safeguard such boxes and
16 devices and their contents.

17 V. No video lottery machine shall be used to conduct gaming unless it is identical in all
18 electrical, mechanical, and other aspects to a model which has been specifically tested by the lottery
19 commission and licensed for use by the lottery commission.

20 VI. Video lottery machines in operation at a facility licensee shall provide a payoff of an
21 average of at least 90 percent, except that progressive jackpots shall have a payoff of an average of at
22 least 87 percent.

23 VII. All tickets given as prizes or winnings from video lottery machines shall be redeemed
24 for cash within one year after the date of winning. Upon the expiration of such one-year period, the
25 value of such unredeemed tickets shall be considered net machine income of the issuing operator
26 licensee.

27 VIII. A facility operator licensee shall not be restricted in the days of operation of video
28 lottery machines.

29 IX. Video lottery machines shall be operated only at times when the public is allowed access
30 to the locations. No automatic teller machines shall be located within 50 feet of video lottery
31 machines.

32 X. All table games operated by a facility operator licensee shall be approved in advance by
33 the lottery commission consistent with RSA 284-C and operated consistent with the approval.

34 284-B:12 Term of License. Any license issued pursuant to this chapter and any renewal thereof
35 shall be valid for 5 years unless earlier suspended or revoked by the lottery commission. The lottery
36 commission shall adopt procedures for license renewal that take into consideration whether the
37 applicant has been previously licensed in good standing under this chapter. No license issued by the

1 lottery commission may be transferred to a separate entity without approval by the lottery
2 commission consistent with this chapter.

3 284-B:13 Presence of the Lottery Commission. The lottery commission and the division of state
4 police gaming enforcement unit may be present at any facility licensee at which video lottery
5 machines are operated at all times when the facility is open to the public. The licensee may be
6 required by the lottery commission or gaming enforcement unit to provide such office space and
7 equipment which the commission or unit shall determine is reasonably necessary or proper.

8 284-B:14 Sanction Powers of the Lottery Commission.

9 I. The lottery commission shall have exclusive authority following appropriate hearings and
10 factual determinations, to impose sanctions against any person for any violation of this chapter or
11 any rule of the lottery commission adopted under the provisions of this chapter as follows:

12 (a) Revocation or suspension of a license.

13 (b) Civil penalties as may be necessary to punish misconduct and to deter future
14 violations, which penalties may not exceed \$50,000 for each violation.

15 (c) Restitution of any moneys or property unlawfully obtained or retained by a person.

16 (d) Issuance of a cease and desist order which specifies the conduct which is to be
17 discontinued, altered, or implemented by the person.

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

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

21 II. In determining appropriate sanctions in a particular case, the lottery commission shall
22 consider:

23 (a) The risk to the public and to the integrity of video lottery machine operations created
24 by the conduct of the person.

25 (b) The seriousness of the conduct of the person and whether the conduct was purposeful
26 or with knowledge that it was in contravention of the provisions of this chapter or the rules of the
27 lottery commission.

28 (c) Any justification or excuse for such conduct.

29 (d) The prior history of the person involved.

30 (e) The corrective action taken by the person to prevent future misconduct of a like
31 nature from occurring.

32 (f) In the case of a monetary penalty, the amount of the penalty in relation to the
33 misconduct and the financial means of the person.

34 (g) In the event that a person receives 3 civil penalties during the term of such person's
35 license, the lottery commission may subject such person to enhanced fines or other disciplinary
36 action.

37 284-B:15 Declaration of Limited Exemption from Operation of Provisions of 15 U.S.C. section

1 1171-1172. Pursuant to section 2 of an act of Congress of the United States entitled “An act to
2 prohibit transportation of gambling devices in interstate and foreign commerce,” approved January
3 2, 1951, being Chapter 1194, 64 Stat 1134, and also designated as 15 U.S.C. sections 1171-1177, the
4 state of New Hampshire, acting by and through the duly elected and qualified members of its
5 legislature, does hereby, in accordance with and in compliance with the provisions of that section 2 of
6 that act of Congress, declare and proclaim that it is in the state’s best interest to benefit from
7 limiting gambling device revenues but prevent the proliferation of gambling devices by limiting
8 approved facility locations and therefore that section 2 of that act of Congress shall not apply to any
9 gambling device in this state where the transportation of such a device is specifically authorized by
10 and done in compliance with the provisions of this chapter and any rules adopted pursuant to it, and
11 that any such gambling device transported in compliance with state law and rules shall be exempt
12 from the provisions of that act of Congress.

13 284-B:16 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state
14 of gaming devices, the registering, recording, and labeling of which has been duly made by the
15 manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States
16 entitled “An Act to Prohibit Transportation of Gambling Devices in Interstate and Foreign
17 Commerce, approved January 2, 1951, being chapter 1194, 64 Stat. 1134, and also designated as 15
18 U.S.C. sections 1171-1172, shall be deemed legal shipments into this state.

19 CHAPTER 284-C

20 TABLE GAMES

21 284-C:1 Definitions. In this chapter:

22 I. “Associated equipment” means any equipment or mechanical, electromechanical, or
23 electronic contrivance, component, or machine used in connection with table gaming, including
24 linking devices, replacement parts, equipment which affects the proper reporting of gross revenue,
25 computerized systems for controlling and monitoring table games, including, but not limited to, the
26 central control computer, and devices for weighing or counting money.

27 II. “Cash” means United States currency and coin or foreign currency and coin that have
28 been exchanged for its equivalent in United States currency and coin.

29 III. “Cash equivalent” means an asset that is readily convertible to cash, including, but not
30 limited to, any of the following:

31 (a) Travelers checks.

32 (b) Certified checks, cashier’s checks, and money orders.

33 (c) Personal checks or drafts.

34 (d) Credit extended by the table game licensee, a recognized credit card company, or a
35 banking institution.

36 (e) Any other instrument that the New Hampshire lottery commission deems a cash
37 equivalent. Other than recognized credit cards or credit extended by the table game certificate

1 holder, all instruments that constitute a cash equivalent shall be made payable to the table game
2 certificate holder, to the bearer, or to cash. An instrument made payable to a third party shall not be
3 considered a cash equivalent and shall be prohibited.

4 IV. “Certificate holder” means a facility operator licensee issued a table game operator
5 certificate by the commission to operate the table games at a licensed facility.

6 V. “Commission” means the lottery commission.

7 VI. “Count room” means the room designated for counting, wrapping, and recording of table
8 game receipts.

9 VII. “Facility operator licensee” means a facility operator licensed by the lottery commission
10 pursuant to RSA 284-B.

11 VIII. “Gaming regulatory oversight authority” or “authority” means the gaming regulatory
12 oversight authority established in RSA 284-A.

13 IX.(a) “Gross table game revenue” means the total of cash or equivalent wagers received in
14 the playing of a table game minus the total of:

15 (1) Cash or cash equivalents paid out to patrons as a result of playing a table game;

16 (2) Cash paid to purchase annuities to fund prizes payable to patrons over a period of
17 time as a result of playing a table game;

18 (3) Any personal property distributed to a patron as a result of playing a table game;
19 and

20 (4) Any promotional credits provided to patrons.

21 (b) “Gross table game revenue” does not include travel expenses, food, refreshments,
22 lodging, or other complimentary services. This term does not include counterfeit money, tokens, or
23 chips; coins or currency of other countries received in the playing of a table game, except to the
24 extent that they are readily convertible to United States currency; cash taken in a fraudulent act
25 perpetrated against a licensee for which the licensee is not reimbursed; or cash received as entry fees
26 for contests or tournaments in which patrons compete for prizes.

27 X. “Key employee” means any individual who is employed in a director or department head
28 capacity and who is authorized to make discretionary decisions that regulate table game operations,
29 including but not limited to, the director of table games, pit bosses, shift bosses, credit supervisors,
30 cashier supervisors, table game facility managers, and assistant managers.

31 XI. “Table game” means any banking or percentage game in which there is an opportunity
32 for the player to use his or her reason, foresight, or other strategy to increase the expected return,
33 including roulette, baccarat, blackjack, poker, craps, big six wheel, mini-baccarat, red dog, pai gow,
34 casino war, Asia poker, Boston 5 stud poker, Caribbean stud poker, Colorado hold ‘em poker, double
35 attack blackjack, double cross poker, double down stud poker, fast action hold ‘em, flop poker, four
36 card poker, let it ride poker, mini-craps, mini-dice, pai gow poker, pokette, Spanish 21, Texas hold
37 ‘em bonus poker, three card poker, two card joker poker, ultimate Texas hold ‘em, winner’s pot poker

1 and sic bo or any multi-station electronic version of the games described in this subsection, and any
2 other games approved by the commission. The term includes any variations or composites of
3 approved games, provided that the commission determines that the new table game, variations, or
4 composites are suitable for use after an appropriate test or experimental period under such terms
5 and conditions as the commission may deem appropriate, and any other game which the commission
6 determines to be suitable for use in a licensed facility after an appropriate test or experimental
7 period as the commission may deem appropriate. The term shall also include gaming contests or
8 tournaments in which players compete against one another in any table game authorized for use in a
9 licensed facility by the commission. The term shall not include wagering on pari-mutuel racing
10 regulated by the racing and charitable gaming commission pursuant to RSA 284, raffles regulated
11 pursuant to RSA 287-A, lotteries regulated by the lottery commission pursuant to RSA 284:21-a and
12 RSA 287-F, and bingo and lucky 7 games regulated by the racing and charitable gaming commission
13 pursuant to RSA 287-E. Table games which are operated as games of chance pursuant to RSA 287-D
14 shall not be subject to the provisions of this chapter.

15 XII. “Table game device” includes tables, cards, dice, chips, shufflers, tiles, dominoes,
16 wheels, drop boxes, or any mechanical or electrical contrivance, terminal, machine or other device
17 approved by the commission and used or consumed in operation of or connection with a table game.

18 XIII. “Table game operation certificate” means a certificate issued by the commission that
19 certifies that the table gaming operation of a licensed facility operator conforms to the requirements
20 of this chapter and rules adopted under this chapter and that authorizes a facility operator licensee
21 to conduct table gaming under this chapter.

22 XIV. “Table game operator” means:

23 (a) “Primary game operator” which means any consultant or any person involved in
24 conducting, managing, supervising, directing, or running the table games at a licensed facility and
25 shall include the banker, the auditor, the counter, and persons involved in the cage; or

26 (b) “Secondary game operator” which means any person involved in dealing, running a
27 roulette wheel, or handling chips at a licensed facility.

28 XV. “Technology provider” means a technology provider that is licensed by the lottery
29 commission pursuant to RSA 284-B, or who manufactures, builds, rebuilds, fabricates, assembles,
30 produces, programs, designs, or otherwise modifies table games.

31 284-C:2 State Employee Prohibition. No member, employee, or independent contractor of the
32 lottery commission or racing and charitable gaming commission shall accept a complimentary service
33 or wager or be paid any prize from any wager at any licensed facility within the state or at any other
34 facility outside this state which is owned or operated by a licensed gaming entity or any of its
35 affiliates, intermediaries, subsidiaries, or holding companies thereof for the duration of his or her
36 term of office, employment, or contract with the lottery commission or the racing and charitable
37 gaming commission and for a period of one year from the termination of term of office, employment,

1 or contract with the lottery commission or racing and charitable gaming commission. The provisions
2 of this section shall not apply to employees who utilize table games for testing purposes or to verify
3 the performance of table games as part of an enforcement investigation.

4 284-C:3 General and Specific Powers.

5 I. The commission shall have general and sole regulatory authority over the conduct of table
6 games described in this chapter. The commission shall ensure the integrity of the acquisition and
7 operation of table game devices and associated equipment and shall have sole regulatory authority
8 over every aspect of the authorization and operation of table games.

9 II. The commission shall:

10 (a) Issue, approve, renew, revoke, suspend, condition, or deny issuance or renewal of a
11 table game operation certificate to a facility operator licensee.

12 (b) Determine at its discretion the suitability of any person, including technology
13 vendors not licensed pursuant to RSA 284-B, who furnishes or seeks to furnish to a certificate holder
14 licensee directly or indirectly any services or property related to the table games or associated
15 equipment or through any arrangements under which that person receives payment based directly
16 or indirectly on earnings, profits, or receipts from table games and associated equipment. Any
17 criminal background checks shall be conducted by the division of state police, gaming enforcement
18 unit, and any other background investigations shall be conducted by the attorney general's office.
19 The commission may require any such person to comply with the requirements of this chapter and
20 the rules of the commission and may prohibit the person from furnishing the services or property.

21 III. The commission shall not issue or renew a table games operation certificate unless it is
22 satisfied that the applicant is a facility operator licensee in good standing operating video lottery
23 machines under RSA 284-B.

24 IV. To publish on the commission's Internet website a complete list of all persons or entities
25 who applied for or held a table game operation certificate, manufacturer license, supplier license, or
26 racetrack license at any time during the preceding calendar year and all affiliates, intermediaries,
27 subsidiaries, and holding companies thereof and the status of the application or license, however,
28 information regarding any applicant who's approval or certificate has been denied, revoked or not
29 renewed shall be removed from such list after 5 years from the date of such action.

30 284-C:4 Enforcement. The commission, with the assistance of the attorney general and the
31 division of state police gaming enforcement unit, shall administer and enforce the provisions of this
32 chapter.

33 284-C:5 Rulemaking. The commission shall adopt rules, in compliance with the findings of the
34 gaming regulatory oversight authority established in RSA 284-A and pursuant to RSA 541-A,
35 relative to:

36 I. The application procedure for video lottery operator licensees to obtain a table game
37 operation certificate.

1 II. The approval procedure for table game operators, including the classification of primary
2 game operators and secondary game operators.

3 III. Procedures for a hearing following revocation of any table game operation certificate
4 pursuant to this chapter.

5 IV. The operation of table games.

6 V. Refunds of certificate fees pursuant to this chapter.

7 VI. Procedures for approving technology providers not licensed by RSA 284-B and associated
8 fees.

9 VII. Accountability controls to ensure game integrity, including, but not limited to, cash,
10 attendance, prizes, income, expense, and financial reporting, and record-keeping to be implemented
11 by licensed table game operators in addition to requirements set forth in this chapter.

12 VIII. Enforcement of this chapter.

13 IX. The issuance of subpoenas, administrative orders and fines, badge specifications,
14 requirements, and fees.

15 X. Other matters related to the proper administration of this chapter.

16 284-C:6 Table Games Authorized. A person licensed to operate video lottery pursuant to
17 RSA 284-B may operate table games at a licensed facility operator location in the manner
18 hereinafter provided and not otherwise:

19 I. Persons holding a current facility operator license in good standing from the lottery
20 commission to operate video lottery pursuant to RSA 284-B may apply for a table games operation
21 certificate for the operation of table games at a licensed facility and upon confirmation by the
22 commission that it meets the criteria set forth in this section shall be granted a certificate for the
23 operation of table games.

24 II. The certificate shall authorize table games at specified licensed facilities.

25 III. The certificate shall only permit the operation of table games at a facility operator
26 licensee that operates or permits the operation of games of chance for or on behalf of charitable
27 organizations pursuant to RSA 287-D, provided that the space allocated for games of chance at the
28 facility be at least 5,000 square feet within the principal gaming area of the licensed facility, and the
29 number of tables used for table games shall be limited to not more than 150 tables.

30 IV. The certificate shall not be transferable.

31 284-C:7 Authorization to Conduct Table Games.

32 I. Notwithstanding any other provision of law to the contrary, the commission may authorize
33 only a licensed video lottery operator to engage in the operation of table games and the system of
34 wagering associated with table games at a facility licensed under RSA 284-B. Authorization to
35 conduct table games shall be contingent upon the licensee's agreement to conduct table games in
36 accordance with this chapter.

37 II. A video lottery operator who is issued a table games operation certificate may only be

1 permitted to operate table games at a licensed facility consistent with the permission granted by the
2 certificate.

3 III.(a) A facility operator licensee may seek approval to operate table games by filing a
4 petition with the commission.

5 (b) A petition shall include the following:

6 (1) The name, business address, and contact information of the petitioner.

7 (2) The name and address, job title, and a photograph of each principal and key
8 employee of the petitioner not currently approved or licensed by the commission, including table
9 game operators.

10 (3) An itemized list of the number and type of table games for which authorization is
11 being sought.

12 (4) The estimated number of full-time and part-time employment positions that will
13 be created at the licensed facility if table games are authorized.

14 (5) Information and authorizations sufficient to allow the commission to confirm that
15 any person providing services as a table game operator has not, in any jurisdiction, been convicted of
16 a felony or class A misdemeanor within the previous 10 years which has not been annulled by a
17 court, or a class B misdemeanor within the previous 5 years which has not been annulled by a court,
18 or has violated any statutes or rules governing gambling or gaming of any kind.

19 (6) The details of any financing that will be obtained or has been obtained to fund
20 the expansion of the licensed facility to accommodate the operation of table games.

21 (7) Detailed site plans identifying the petitioner's proposed table game area within
22 the licensed facility including reference to the area reserved for charitable games of chance. The
23 proposed table game area shall be reviewed by the commission to determine the adequacy of the
24 proposed internal controls and external security and proposed surveillance measures and submit a
25 finding regarding adequacy to the commission.

26 IV. The applicant shall certify under oath that:

27 (a) The information provided on the application is accurate.

28 (b) Information and authorizations sufficient to allow the commission to confirm that
29 any person providing services as a table game operator has not, in any jurisdiction, been convicted of
30 a felony or class A misdemeanor within the previous 10 years which has not been annulled by a
31 court, or a class B misdemeanor within the previous 5 years which has not been annulled by a court,
32 or has violated any statutes or rules governing gambling or gaming of any kind.

33 (c) The applicant who will be participating in the operation of the games of chance is
34 aware of all statutes and rules applicable to the operation of table games.

35 284-C:8 Standard of Review. The commission shall grant the petition and issue a certificate to
36 authorize the petitioner to operate table games if the petitioner establishes evidence of the following:

37 I. The petitioner is an eligible video lottery operator licensee duly licensed pursuant to RSA

1 284-B.

2 II. If necessary, the petitioner has secured adequate financing to fund the expansion of the
3 petitioner’s licensed facility to accommodate the operation of table games.

4 III. The proposed internal and external security and proposed surveillance measures within
5 the petitioner’s proposed table game area within the licensed facility are adequate.

6 IV. The petitioner agrees to permit the operation of charitable games of chance consistent
7 with RSA 284-C:6, III.

8 284-C:9 Commencement of Table Game Operations. A facility operator licensee may not operate
9 or offer table games for play at a licensed facility until:

10 I. The commission approves the petition filed under RSA 284-C:7;

11 II. The facility operator licensee pays the fee under RSA 284-C:14; and

12 III. The commission has issued a table games operation certificate to the facility operator
13 licensee under RSA 284-C:6 and RSA 284-C:8.

14 284-C:10 Term of Table Game Authorization. After payment of the fee under RSA 284-C:14,
15 authorization to conduct table games shall be in effect unless suspended, revoked, or not renewed by
16 the commission upon good cause consistent with the license requirements provided in this chapter.
17 Facility operator licensees shall be required to update the information in their initial table games
18 petition at times prescribed by the commission, but at least as frequently as the operator is required
19 to renew its video lottery operator’s license. An additional license fee of no more than \$1,000,000
20 shall be imposed for renewal of a table game operation certificate every 5 years. The commission
21 shall be entitled to use such funds to support staff and resources necessary to implement this
22 chapter.

23 284-C:11 Condition of Continued Operation. A certificate holder shall maintain all books,
24 records, and documents pertaining to the certificate holder’s table game operation in a manner and
25 location as approved by the commission. All books, records, and documents related to table game
26 operations shall:

27 I. Be maintained separate and apart from all books, records, and documents of the video
28 lottery machine operations;

29 II. Be immediately available for inspection upon request of the commission, the state police,
30 or agents of the attorney general during all hours of operation in accordance with rules adopted by
31 the commission; and

32 III. Be maintained for a period as the commission, by rule, may require.

33 284-C:12 Table Game Accounting Controls and Audits.

34 I. Prior to being approved for a table game operation certificate, a facility operator licensee
35 shall obtain approval from the commission of its proposed site plans and internal control systems
36 and audit protocols for its table games operation.

37 II. The facility operator licensee’s proposed internal controls and audit protocols shall:

1 (a) Safeguard its assets and revenues, including the recording of cash and evidences of
2 indebtedness related to the table games.

3 (b) Provide for reliable records, accounts, and reports of any financial event that occurs
4 in the operation of a table game, including reports to the commission related to the table games.

5 (c) Provide for accurate and reliable financial records related to the table games
6 operation.

7 (d) Establish procedures for all the following:

8 (1) The receipt, storage, and disbursal of chips, cash, and other cash equivalents
9 used in table gaming.

10 (2) Check cashing.

11 (3) The redemption of chips and other cash equivalents used in table gaming and the
12 payoff of jackpots.

13 (4) The recording of transactions pertaining to table gaming.

14 (e) Establish procedures for the collection and security of moneys at the gaming tables.

15 (f) Establish procedures for the transfer and recording of chips between the gaming
16 tables and the cashier's cage.

17 (g) Establish procedures for the transfer of drop boxes for table games from the gaming
18 tables to the count room.

19 (h) Establish procedures and security for the counting and recording of table gaming
20 revenue.

21 (i) Establish procedures for the security, storage, and recording of cash, chips, and other
22 cash equivalents utilized in table gaming.

23 (j) Establish procedures and security standards for the handling and storage of gaming
24 apparatus, including cards, dice, machines, wheels, and all other gaming equipment.

25 (k) Establish procedures and rules governing the conduct of particular games and the
26 responsibility of casino personnel.

27 (l) Establish procedures for the collection and recording of revenue from poker when it is
28 a non-licensee bank game, including the type of rake utilized, the methodology for calculating the
29 rake, and the amount of maximum permissible rake.

30 (m) Ensure that any wagering governing the operation of a table game is implemented
31 only in accordance with the management's general or specific authorization, as approved by the
32 commission.

33 (n) Ensure that there is proper and timely accounting of gross table game revenue and
34 the calculation of gross table game revenue, fees, and taxes and maintain accountability for assets.

35 (o) Ensure that recorded accountability for assets is compared with actual assets at
36 reasonable intervals and that appropriate action is taken with respect to any discrepancies.

37 (p) Ensure that all functions, duties, and responsibilities are appropriately segregated

1 and performed in accordance with sound financial practices by competent, qualified personnel.

2 (q) Permit use of its existing onsite facilities by the commission and, other persons
3 authorized by the commission to facilitate their ability to perform regulatory and oversight functions
4 under this chapter.

5 III. Each facility operator licensee shall, prior to being approved for a table game operation
6 certificate, submit to the commission a detailed description of its administrative and accounting
7 procedures related to table games, including its written system of internal controls. Each written
8 system of internal controls shall include:

9 (a) An organizational chart depicting appropriate functions and responsibilities of
10 employees involved in the table game operation.

11 (b) A description of the duties and responsibilities of each position shown on the
12 organizational chart.

13 (c) The record retention policy of the applicant.

14 (d) The procedure to be utilized to ensure that assets are safeguarded, including
15 mandatory count procedures.

16 IV. Prior to approving a petitioner for a table game operation certificate, the commission
17 shall review the system of internal controls submitted under RSA 284-C:7, III(b)(7) to determine
18 whether it conforms to the requirements of this chapter and provides adequate and effective controls
19 for the operations of the facility.

20 284-C:13 Wagering Policies.

21 I. Holders of table game operation certificates shall maintain a detailed narrative
22 description of the administrative and accounting procedures which meet the requirements of this
23 section.

24 II. A facility operator licensee may accept a check from a patron in exchange for cash or
25 chips, provided that each check is deposited with the financial institution upon which the check is
26 drawn within 10 days of receipt by the facility operator licensee.

27 III. Holders of table game operation certificates may make credit card advances and debit
28 card withdrawals available to table game patrons at a licensed facility. All fees charged for cash
29 advances, check cashing, and debit card withdrawals shall be disclosed. Notwithstanding any other
30 provision of law, a holder of a table game operation certificate may provide credit to patrons for the
31 purpose of playing table games in accordance with this section. No third party checks shall be
32 permitted.

33 284-C:14 Table Game Authorization Fee.

34 I. Upon approval of a petition filed under RSA 284-C:7 and prior to the commencement of
35 the operation of table games at the facility, the commission shall impose a one-time authorization fee
36 on the facility lottery operator licensee in the amount of \$10,000,000 for licensees approved by the
37 lottery commission for facility operator licenses A, B, and C, and \$5,000,000 for the licensee

1 approved by the lottery commission for facility operator license D. The commission is authorized to
2 use such funds to support staff and resources necessary to implement this chapter.

3 II. All table game authorization fees received by the commission under this section shall be
4 deposited in the general fund.

5 284-C:15 Distribution of Table Game Revenues.

6 I. Each certificate holder shall pay from its daily gross table game revenue from the table
7 games in operation at its facility; and

8 (a) Eight percent of daily gross table revenue to the state to be deposited into the general
9 fund; and

10 (b) The balance of the daily gross table game revenue shall be retained by the facility
11 operator licensee that operates the table games.

12 II. The distribution due to the state pursuant to subparagraph I(a) shall be due and payable
13 to the state treasurer on a daily basis and shall be based upon gross table game revenue derived
14 during the previous day. All funds owed to the state under this section shall be held in trust by the
15 certificate holder until the funds are paid or transferred and distributed by the certificate holder.
16 Unless otherwise agreed to by the commission, a certificate holder shall establish a separate bank
17 account to maintain table gaming proceeds until such time as the proceeds are paid or transferred
18 under this section.

19 284-C:16 Authorization of Suppliers and Manufacturers of Table Game Devices. Any person
20 seeking to supply table game devices for use at a licensed facility shall obtain approval by the
21 commission for authority to manufacture or supply table games, table game devices, or other
22 equipment associated with table games, and shall pay such fees as the commission deems reasonable
23 and appropriate. Upon approval, the manufacturer or supplier shall pay a fee of \$50,000. A fee of
24 \$25,000 shall be paid for the annual renewal of a supplier license.

25 284-C:17 Equipment; Wagering; Prizes.

26 I. No table games shall be conducted with any equipment except such as is owned or leased
27 from a supplier or manufacturer of such equipment who has been approved by the commission
28 pursuant to RSA 284-C:16 and who has registered with the secretary of state in such manner and on
29 such form as the secretary of state prescribes.

30 II. All devices and equipment used to conduct table games shall be subject to inspection by
31 duly authorized law enforcement officials of the commission.

32 III. The amount of any wager permitted to be played by a player, on any table game, shall be
33 prominently posted.

34 284-C:18 Sanction Powers of the Lottery Commission.

35 I. The commission shall have the sole and exclusive authority following appropriate hearings
36 and factual determinations, to impose sanctions against any person for any violation of this chapter
37 or any rule of the commission adopted under the provisions of this chapter as follows:

- 1 (a) Revocation or suspension of a license.
- 2 (b) Civil penalties as may be necessary to punish misconduct and to deter future
3 violations, which penalties may not exceed \$50,000 for each violation.
- 4 (c) Order restitution of any moneys or property unlawfully obtained or retained by a
5 person.
- 6 (d) Issuance of a cease and desist order which specifies the conduct which is to be
7 discontinued, altered, or implemented by the person.
- 8 (e) Issuance of letters of reprimand or censure, which shall be made a permanent part of
9 the file of each person so sanctioned.
- 10 (f) Imposition of any or all of the foregoing sanctions in combination with each other.
- 11 II. In determining appropriate sanctions in a particular case, the commission shall consider:
 - 12 (a) The risk to the public and to the integrity of table game operations created by the
13 conduct of the person.
 - 14 (b) The seriousness of the conduct of the person and whether the conduct was purposeful
15 or with knowledge that it was in contravention of the provisions of this chapter or the rules of the
16 commission.
 - 17 (c) Any justification or excuse for such conduct.
 - 18 (d) The prior history of the person involved.
 - 19 (e) The corrective action taken by the person to prevent future misconduct of a like
20 nature from occurring.
 - 21 (f) In the case of a monetary penalty, the amount of the penalty in relation to the
22 misconduct and the financial means of the person.
 - 23 (g) In the event that a person receives 3 civil penalties during the term of such person's
24 license, the commission may subject such person to enhanced fines or other disciplinary action.

25 284-C:19 Declaration of Limited Exemption From Operation of Provisions of 15 U.S.C. sections
26 1171-1172. Pursuant to section 2 of an act of Congress of the United States entitled "An Act to
27 Prohibit Transportation of Gambling Devices in Interstate and Foreign Commerce," approved
28 January 2, 1951, being Chapter 1194, 64 Stat. 1134, and also designated as 15 U.S.C. sections 1171-
29 1177, the state of New Hampshire, acting by and through the duly elected and qualified members of
30 its legislature, does hereby, in accordance with and in compliance with the provisions of that section
31 2 of that act of Congress, declare and proclaim that it is in the state's best interest to benefit from
32 limiting gambling device revenues but prevent the proliferation of gambling devices by limiting
33 approved facility locations and therefore that section 2 of that act of Congress shall not apply to any
34 gambling device in this state where the transportation of such a device is specifically authorized by
35 and done in compliance with the provisions of this chapter and any rules adopted pursuant to it, and
36 that any such gambling device transported in compliance with state law and rules shall be exempt
37 from the provisions of that act of Congress.

1 284-C:20 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state
2 of gaming devices, the registering, recording, and labeling of which has been duly made by the
3 manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States
4 entitled “An Act to Prohibit Transportation of Gambling Devices in Interstate and Foreign
5 Commerce,” approved January 2, 1951, being chapter 1194, 64 Stat. 1134, and also designated as 15
6 U.S.C. sections 1171-1172, shall be deemed legal shipments into this state.

7 3 New Section; Lottery Commission; Administration of Video Lottery. Amend RSA 284 by
8 inserting after section 21-v the following new section:

9 284:21-w Video Lottery; Duties of the Lottery Commission; Administration of Video Lottery.

10 I. The lottery commission shall:

11 (a) Collect all license fees imposed upon any applicant and all taxes imposed by
12 RSA 284-B and RSA 284-C.

13 (b) Certify net machine income by inspecting records, conducting audits, having its
14 agents on site, or by any other reasonable means.

15 (c) Establish a central computer system located at the office of the lottery commission
16 linking all video lottery machines to insure control over video lottery machines. The lottery
17 commission shall establish a selection procedure for such contracts and ensure that the central
18 computer system uses a widely adopted communications protocol approved by the Gaming Standards
19 Association.

20 (d) Require facility operator licensees to submit all contracts for services where the
21 annual amount to be expended by the facility operator licensee is over \$500,000 to the lottery
22 commission, and provide any further information to the lottery commission regarding vendors and
23 suppliers as is requested.

24 (e) Require all holders of facility operator licenses issued by the lottery commission
25 pursuant to RSA 284-B to maintain a system of internal controls. At a minimum, the licensee’s
26 proposed system of internal controls shall:

27 (1) Safeguard its assets and revenues, including, but not limited to the recording of
28 cash and evidences of indebtedness related to the video lottery machines.

29 (2) Provide for reliable records, accounts, and reports of any financial event that
30 occurs in the operation of a video lottery machine.

31 (3) Ensure that each video lottery machine directly provides or communicates all
32 required activities and financial details to the central computer system.

33 (4) Provide for accurate and reliable financial records.

34 (5) Ensure any financial event that occurs in the operation of a video lottery machine
35 or table game is performed only in accordance with the management’s general or specific
36 authorization.

37 (6) Ensure that any financial event that occurs in the operation of a video lottery

1 machine is recorded adequately to permit proper and timely reporting of net machine income and the
2 calculation thereof and the related fees and taxes.

3 (7) Ensure that access to assets is permitted only in accordance with management's
4 specific authorization.

5 (8) Ensure that recorded accountability for assets is compared with actual assets at
6 reasonable intervals and appropriate action is taken with respect to any discrepancies.

7 (9) Ensure that all functions, duties, and responsibilities are appropriately
8 segregated and performed in accordance with sound financial practices by qualified personnel.

9 (f) Establish technical standards for approval of video lottery machines, including
10 mechanical and electrical reliability and security against tampering, as it may deem necessary to
11 protect the public from fraud or deception and to ensure the integrity of their operation.

12 (g) Require all holders of licenses issued by the lottery commission pursuant to RSA 284-
13 B to comply with any exclusion program established by the lottery commission and maintained
14 pursuant to RSA 284-B:2, II(u) and to establish and implement a self-exclusion program whereby a
15 person who acknowledges that he or she is a problem gambler and who requests to be placed on a
16 self-exclusion list shall be excluded or ejected from a licensed facility.

17 II. The lottery commission may employ certain assistants, and contract with certain
18 individuals or entities experienced in the regulation of gaming to carry out the provisions of this
19 section and RSA 284-B and RSA 284-C. Such assistants and employees shall receive compensation
20 at rates to be established by the department of administrative services, division of personnel.
21 Compensation of assistants, employees, and contractors shall be funded by proceeds paid or received
22 by the lottery commission pursuant to RSA 284-B and RSA 284-C. No employee of the lottery
23 commission shall have any pecuniary or other interest in any supplier or agent to the commission or
24 in any facility location or license licensed under RSA 284-B or RSA 284-C.

25 III. The lottery commission shall have the authority to issue subpoenas and compel the
26 attendance of witnesses, to administer oaths, and to require testimony under oath.

27 IV. No later than November 1 of each calendar year, the lottery commission shall provide a
28 report to the fiscal committee of the general court regarding the generation of revenues of video
29 lottery machines by licensees.

30 V. With regard to meetings, minutes, and records of the lottery commission:

31 (a) The lottery commission shall notice all proceedings and shall make and keep a record
32 of all proceedings held at public meetings of the lottery commission. A verbatim transcript of those
33 proceedings shall be prepared by the lottery commission upon the request of any commissioner or
34 upon the request of any other person and the payment by that person of the costs of preparation. A
35 copy of the transcript shall be made available to any person upon request and payment of the costs of
36 preparing the copy.

37 (b) The lottery commission shall maintain such other files and records as the lottery

1 commission determines is necessary.

2 (c) All information and data required by the commission, to be furnished to the
3 commission, or which may otherwise be obtained, shall be confidential and shall not be revealed in
4 whole or in part except in the course of the necessary administration of this chapter, or upon the
5 lawful order of a court of competent jurisdiction, or with the approval of the attorney general, to a
6 duly authorized law enforcement agency.

7 (d) All information and data pertaining to an applicant's criminal record, family, and
8 background furnished to or obtained by the lottery commission from any source shall be confidential
9 and shall be withheld in whole or in part. Such information shall be released only upon the lawful
10 order of a court of competent jurisdiction, or with the approval of the attorney general, to a duly
11 authorized law enforcement agency.

12 (e) Notice of the contents of any information or data released, except to a duly authorized
13 law enforcement agency pursuant to subparagraph (c) or (d), shall be given to any applicant,
14 registrant, or licensee in a manner prescribed by the rules adopted by the lottery commission.

15 (f) All records, information, or data maintained or kept by the lottery commission shall
16 be maintained or kept at the office of the gaming enforcement unit.

17 4 New Sections; Department of Safety; Gaming Enforcement Unit Established. Amend RSA 21-
18 P by inserting after section 11-a the following new sections:

19 21-P:11-b Division of State Police; Gaming Enforcement Unit.

20 I. There is established within the department of safety, division of state police, a gaming
21 enforcement unit under the supervision of the commissioner of the department of safety.
22 Notwithstanding RSA 106-B:15, the unit shall:

23 (a) Investigate violations of RSA 284-B and RSA 284-C and the rules adopted under the
24 provisions of RSA 284-B and RSA 284-C, and initiate proceedings before the lottery commission for
25 such violations. The unit shall report the results of any investigation conducted to the lottery
26 commission.

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

28 (c) Investigate crimes which may involve a violation of RSA 284-B or RSA 284-C that
29 occur at a facility operator licensee location.

30 II. The commissioner of the department of safety shall organize the unit as the
31 commissioner deems necessary. The commissioner of safety may employ such state police personnel
32 as the commissioner deems necessary to fulfill the responsibilities of the unit.

33 21-P:11-c Enforcement Expenditures. The governor and council with the prior approval of the
34 fiscal committee of the general court, upon request from the commissioner of the department of
35 safety, may authorize the transfer of general funds as authorized in RSA 284-B:8, I(a)(1) to the
36 department of safety to implement and enforce RSA 21-P:11-b, RSA 284-B, and RSA 284-C.

37 5 New Section; Racing and Charitable Gaming Commission; Duties. Amend RSA 284 by

1 inserting after section 6-a the following new section:

2 284:6-b Duties of the Racing and Charitable Gaming Commission. The racing and charitable
3 gaming commission shall:

4 I. Provide to the lottery commission, attorney general, or division of state police gaming
5 enforcement unit, all records pertaining to the licensing of a pari-mutuel licensee to the extent a
6 pari-mutuel licensee is an applicant or facility location relevant to the lottery commission's approval
7 process under RSA 284-B within 30 days after the racing and charitable gaming commission receives
8 a request. All records provided to the lottery commission shall be confidential in accordance with
9 RSA 284:21-w, V.

10 II. Notice of the contents of any information or data released, except to a duly authorized
11 law enforcement agency pursuant to paragraph I, shall be given to any applicant, registrant, or
12 licensee in a manner prescribed by the rules and regulations adopted by the racing and charitable
13 gaming commission.

14 6 Restriction on Gambling. RSA 284:17-c is repealed and reenacted to read as follows:

15 284:17-c Restriction on Gambling. Except as provided in the introductory paragraph of
16 RSA 284:22, RSA 284:22-a, RSA 284-B, and RSA 284-C, no licensee who holds running horse races
17 shall at the same facility hold any other kinds of races or permit any other type of gambling except
18 harness horse races and activities licensed by the lottery commission or the racing and charitable
19 gaming commission.

20 7 New Paragraph; Facility Licensee; Cocktail Lounge License. Amend RSA 178:22 by inserting
21 after paragraph V the following new paragraph:

22 VI. The commission may issue a special license to a person holding a facility operator's
23 license under the provisions of RSA 284-B, provided the facility licensee has an existing liquor
24 license. Such special license shall allow the sale of liquor, wine, and beverages within the facility
25 licensee location, including dining room, function room, gaming room, lounge, or any other area
26 designated by the commission, without regard to whether meals are served therein, but only during
27 the time gaming is being conducted under RSA 284-B.

28 8 New Subparagraph; Authorized Video Lottery Machines. Amend RSA 647:2, V by inserting
29 after subparagraph (c) the following new subparagraph:

30 (d) Video lottery machines authorized pursuant to RSA 284-B and table games
31 authorized pursuant to RSA 284-C.

32 9 Rehabilitation of Problem Gaming. Amend RSA 172:2-a to read as follows:.

33 172:2-a Program Established. The commissioner shall provide for the scientific care, treatment,
34 and rehabilitation of **gambling**, alcohol, and drug abusers, and work towards the prevention of, and
35 assist in the control of, alcohol and drug abuse within the state through education, treatment,
36 community organization, and research.

37 10 Duties of Commissioner; Rehabilitation of Problem Gaming. Amend RSA 172:8 to read as

1 follows:

2 172:8 Duties of the Commissioner.

3 I. Study the problems presented by **gambling**, alcohol, and drug abuse, including methods
4 and facilities available for the care, treatment, custody, employment, and rehabilitation of persons
5 who are **problem gamers**, inebriates, alcohol abusers, drug dependent, or drug abusers.

6 II. Promote meetings and programs for the discussion of **gambling**, alcohol, and drug
7 dependency and abuse for the guidance and assistance of individuals, schools, courts, and other
8 public and private agencies.

9 III. Conduct, promote and finance, in full or in part, studies, and other appropriate facilities
10 dealing with the physical, psychological, and/or social aspects of **gambling**, alcohol, and drug abuse.

11 IV. Have the authority to accept or reject for examination, diagnosis, guidance, and
12 treatment, insofar as funds and facilities permit, any resident of the state who comes to the
13 commissioner voluntarily for advice and treatment.

14 V. [Repealed.]

15 VI. Render biennially to the governor and council a report of his activities including
16 recommendations for improvements therein by legislation or otherwise.

17 VII. Coordinate community medical resources for the emergency medical care of persons
18 suffering acute mental or physical reaction to **gambling**, alcohol, or drugs and of persons suffering
19 from drug dependency.

20 VIII. Employ such assistants as may be necessary to carry out the purposes of this chapter,
21 in accordance with state personnel regulations, and within available appropriations and funds.

22 IX. Disseminate information on the subjects of **gambling**, alcohol, and drug abuse for the
23 guidance and assistance of individuals, schools, courts and other public and private agencies.

24 X. [Repealed.]

25 11 Confidentiality of Client Records; Rehabilitation of Problem Gaming. Amend RSA 172:8-a to
26 read as follows:

27 172:8-a Confidentiality of Client Records. No reports or records or the information contained
28 therein on any client of the program or a certified **gambling**, alcohol, or drug abuse treatment
29 facility or any client referred by the commissioner shall be discoverable by the state in any criminal
30 prosecution. No such reports or records shall be used for other than rehabilitation, research,
31 statistical or medical purpose, except upon the written consent of the person examined or treated.
32 Confidentiality shall not be construed in such manner as to prevent recommendation by the
33 commissioner to a referring court, nor shall it deny release of information through court order
34 pursuant to appropriate federal regulations.

35 12 Rulemaking; Rehabilitation of Problem Gaming. Amend RSA 172:14, IV to read as follows:

36 172:8-b Rulemaking. The commissioner shall adopt rules under RSA 541-A relative to the
37 following:

1 I. The acceptance, care and treatment of **gambling**, alcohol, or drug dependent persons and
2 alcohol or drug abusers who are clients of the program established under this chapter or a certified
3 substance abuse treatment facility.

4 II. A fee schedule and collection of fees under RSA 172:14, IV.

5 III. Certification of substance abuse treatment facilities including, but not limited to:

- 6 (a) Program content;
- 7 (b) Qualifications of program staff; and
- 8 (c) Type of substance abuse treatment offered.

9 IV. Certification and recertification of **gambling**, alcohol, and drug abuse counselors
10 including, but not limited to:

- 11 (a) Peer review of applicants.
- 12 (b) Minimum qualifications and competency.
- 13 (c) Education and continuing education.
- 14 (d) Experience required.
- 15 (e) Required knowledge of **gambling**, alcohol, and drug abuse counseling.
- 16 (f) Such other matters as the commissioner may deem necessary to carry out the

17 purposes of this chapter.

18 V. Voluntary admissions under RSA 172:13.

19 13 Acceptance of Grants; Treatment of Problem Gamers. Amend RSA 172:9 to read as follows:

20 172:9 Acceptance of [~~Grants~~] **Funds**. The commissioner is authorized to accept in the name of
21 the state special grants or money or services from the federal or state governments or any of their
22 agencies and may accept gifts to carry on the functions provided for in this chapter.

23 14 New Subparagraph; Gambling Offenses; Minors. Amend RSA 647:2, I by inserting after
24 subparagraph (c) the following new subparagraph:

- 25 (d) Violates the provisions of RSA 284-B:7.

26 15 Effective Date. This act shall take effect upon its passage.

LBAO
11-0912
02/10/11

SB 182-FN-A-LOCAL - FISCAL NOTE

AN ACT relative to video lottery and table gaming, providing property tax relief for local economies, providing services for problem gamers, and promoting tourism and public safety.

FISCAL IMPACT:

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill as it is awaiting information from the Judicial Branch, Department of Corrections and New Hampshire Municipal Association. When completed, the fiscal note will be forwarded to the Senate Clerk's Office.