

HB 665-FN-A-LOCAL – AS INTRODUCED

2013 SESSION

13-0506  
08/09

HOUSE BILL            ***665-FN-A-LOCAL***

AN ACT                relative to video lottery and table gaming.

SPONSORS:            Rep. Gionet, Graf 5; Rep. R. Walsh, Hills 11; Rep. Weyler, Rock 13; Rep. H. Richardson, Coos 4; Sen. Stiles, Dist 24

COMMITTEE:          Ways and Means

---

ANALYSIS

This bill:

I. Allows the construction and operation of 2 destination casinos in the state; one in the White Mountains and one in a county bordering Massachusetts.

II. Establishes a permit process for table gaming and video lottery machines.

III. Distributes proceeds of video lottery machines and from table games into the highway fund.

IV. Requires the lottery commission to regulate, license, and enforce the provisions for video lottery and table games operated at a destination casino.

-----

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.



1 calculation.

2 VI. “Operator applicant” means the applicant applying for an operator’s license to operate  
3 video lottery machines in accordance with this chapter.

4 VII. “Operator’s license” means the license issued by the lottery commission to an operator  
5 licensee which allows the operator licensee to possess, conduct, and operate video lottery machines in  
6 accordance with this chapter.

7 VIII. “Operator licensee” means an operator applicant who is issued a license by the lottery  
8 commission to procure and operate video lottery and operate table games.

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

12 X. “Progressive system” means one or more video lottery machines linked to one or more  
13 common progressive jackpots.

14 XI. “Table games” means games authorized by the lottery commission pursuant to RSA 287-  
15 H.

16 XII. “Technology provider” means any person or entity which designs, manufactures,  
17 installs, distributes, or supplies video lottery machines for sale or lease to the operator licensees, and  
18 which are for use by an operator licensee for conducting video lottery games in accordance with this  
19 chapter.

20 XIII. “Technology provider license” means the license issued by the lottery commission to a  
21 technology provider licensee which allows the technology provider licensee to design, manufacture,  
22 install, distribute, or supply video lottery machines for sale or lease to the operator licensees.

23 XIV. “Technology provider licensee” means a technology provider that is licensed by the  
24 lottery commission.

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

29 XVI. “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 or video poker machines or other similar machines used for amusement purposes  
37 only.

1 XVII. “Video lottery” means any lottery conducted with a video lottery machine or linked  
2 video lottery machines with an aggregate progression prize or prizes. Video lottery conducted  
3 pursuant to this chapter shall not be considered a state-run lottery.

4 284-B:2 Video Lottery Oversight and Facility Location Licensure.

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

10 II. The lottery commission shall have general responsibility for the implementation of this  
11 chapter and shall adopt rules under RSA 541-A relative to:

12 (a) Hearing and deciding all license applications or recommendations for the suspension  
13 or revocation of any license issued under this chapter.

14 (b) Conducting all investigations required under this chapter with regard to the  
15 application of any applicant for any license.

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

18 (d) Establishing standards and a reasonable fee structure for the licensing and renewal  
19 of licenses for employees and operators, technology providers, and operator licensees consistent with  
20 RSA 284-B:5, I(e) and II(e).

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

24 (f) Establishing standards for licensing under RSA 284-B:6.

25 (g) Establishing standards for reviewing any structure at a destination casino.

26 (h) Ensuring that all licensees update the lottery commission with regard to any change  
27 in ownership or material change in information or data regarding the licensee that the commission  
28 determines is necessary and appropriate.

29 (i) Ensuring that any destination casino seeking to host or operate table games at a  
30 destination casino location has appropriate approvals for table games pursuant to RSA 287-H.

31 III. Pending the adoption of rules under RSA 541-A, the lottery commission shall adopt  
32 interim rules pursuant to RSA 541-A:19 after public hearing and within 90 days after enactment of  
33 this chapter. Such interim rules shall implement the provisions of this chapter, including an  
34 approval process for selecting the provider of the central computer system and a process for  
35 reviewing, selecting, and granting licenses for no more than 2 destination casino, with one in the  
36 White Mountains and one in a county bordering Massachusetts.

37 IV. The lottery commission shall provide and operate a single central monitor and control

1 system into which all licensed video lottery machines shall be connected.

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

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

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

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

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

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

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

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

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

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

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

27 VII.(a) The lottery commission shall keep a written record of all proceedings of public  
28 meetings of the commission.

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

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

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 5 -**

1 request of the commission.

2 (d) All information and data required by the lottery commission to be furnished to it, or  
3 which may otherwise be obtained, shall be considered to 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 (e) All information and data pertaining to an applicant's or key employee's criminal  
8 record, finances, family, and background furnished to or obtained by the lottery commission from any  
9 source shall be considered confidential and shall be withheld in whole or in part. Such information  
10 shall be released upon the lawful order of a court of competent jurisdiction or to a duly authorized  
11 law enforcement agency.

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

16 VIII. The lottery commission and the attorney general may from time to time contract for  
17 such financial, economic, or security consultants, and any other technical and professional services  
18 as the lottery commission deems necessary for the discharge of its duties.

19 IX. The lottery commission shall establish standards for reviewing, selecting, and granting  
20 licenses for no more than 2 destination casinos in the state, one of which shall be in the White  
21 Mountains and the other shall be in a county which borders Massachusetts. Applications  
22 requesting review and approval of any destination casino must be received by the lottery commission  
23 by July 1, 2014 or no license shall be granted for any destination casino under this chapter.  
24 Standards shall specify the process for licensure and the criteria which shall be met by applicants  
25 shall include:

26 (a) The availability of local resources to support services and amenities necessary to  
27 accommodate projected guest volume in the form of transportation, rooms and meals, utilities, and  
28 law enforcement.

29 (b) The immediate and long range financial feasibility of the applicant's proposed project.

30 (c) The character and fitness of the owners of the destination casino.

31 (d) Whether the applicant has obtained the approval of the municipality in which the  
32 project is proposed by local referendum.

33 (e) A minimum capital investment of \$10,000,000 in the construction or renovation of the  
34 destination casino.

35 (f) An agreement with an operator to operate video lottery at the proposed destination  
36 casino consistent with this chapter.

37 (g) A floor plan suitable for the operation of video lottery consistent with this chapter.

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 6 -**

1 X.(a) Construction plans for the destination casinos shall be approved by all appropriate  
2 local and state agencies and all necessary state and local permits shall be obtained before the  
3 commencement of the construction of the destination casinos. The operator of each destination  
4 casino shall be selected according to procedures determined by the lottery commission. The selected  
5 operators shall pay a fee of \$100,000 to the commission to fund construction oversight and initial  
6 regulatory oversight. The selected operator shall apply for necessary construction permits within 6  
7 months of selection by the commission and shall begin construction within one year of obtaining  
8 necessary permits.

9 (b) If an operator does not begin construction as required by subparagraph (a), and  
10 cannot show good cause for delay, the operator shall forfeit his or her license and the lottery  
11 commission shall select another operator according to procedures determined by the commission.

12 (c) Temporary operation prior to completion of construction may be permitted as agreed  
13 during contract negotiation.

14 284-B:3 Authorization for Video Lottery Machines.

15 I. An operator licensee may install, operate, and conduct video lottery machines at a  
16 destination casino in accordance with the provisions of this chapter.

17 II. A destination casino may enter into one or more agreements with an operator licensee to  
18 manage or participate in the operation of video lottery machines at its licensed destination casino in  
19 accordance with the provisions of this chapter.

20 284-B:4 License Required; Number of Video Lottery Machines.

21 I. No person shall engage in the ownership, possession, or operation of a video lottery  
22 machine unless:

23 (a) Such person is licensed in accordance with the provisions of this chapter; and

24 (b) Local approval as provided in RSA 284-B:9 has been obtained.

25 II. Any operator or technology provider shall be licensed by the lottery commission prior to  
26 engaging in any operation of video lottery machines.

27 284-B:5 License Requirements for Operators and Technology Providers.

28 I. Operators.

29 (a) A destination casino or other operator applicant shall obtain an operator's license  
30 from the lottery commission to possess, conduct, and operate video lottery machines. In the event  
31 that a destination casino enters into an agreement with another person or entity to manage and  
32 operate video lottery machines at its location, that person or entity shall apply as the operator  
33 licensee applicant. An applicant shall complete and sign an application on forms prescribed by the  
34 lottery commission, and include information regarding the applicant's criminal history background,  
35 civil judgments, and financial affairs. The application shall include the full name, address, date of  
36 birth, and other personal identifying information of the applicant and all key employees, and if a  
37 corporation or other form of business enterprise, the same information shall be provided with respect

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 7 -**

1 to each partner, trustee, officer, and director, and any shareholder or other holder who owns more  
2 than 10 percent of the legal or beneficial interests of such entity. The lottery commission shall not  
3 accept applications from an operator applicant after December 31, 2013, unless the operator  
4 applicant has an agreement with a facility licensee that has previously maintained video lottery  
5 machine operations consistent with this chapter.

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

12 (c) The attorney general shall conduct a background review of each operator applicant  
13 and any of its owners and key employees consistent with RSA 284-B:6. The background review may  
14 be conducted through any appropriate state or federal law enforcement system and the authorized  
15 reviewers may seek information as to the subject's financial, criminal, or business background, or  
16 any other information which the attorney general, in his or her sole discretion, may find relevant to  
17 the subject's fitness to be associated with the ownership or management of the operation of video  
18 lottery machines in New Hampshire, including, but not limited to, the subject's character, personal  
19 associations, and the extent to which the subject is properly doing business in the manner in which it  
20 purports to operate. If the applicant is a pari-mutuel licensee and the attorney general has  
21 conducted a background investigation pursuant to RSA 284:15-b within the 12 months prior to the  
22 application filing, the attorney general may rely on the results of the previous investigation to the  
23 extent the applicant's circumstances have not materially changed. The attorney general shall also  
24 take into consideration as evidence of fitness a letter of reference or sworn statement of good  
25 standing produced pursuant to RSA 284-B:5, I(b). The attorney general shall report the results of  
26 the background review to the lottery commission within 60 days. Notwithstanding any other law to  
27 the contrary, the information provided to the attorney general and the results of any such review  
28 shall be confidential and shall not be subject to disclosure or to public inspection, except that the  
29 attorney general, in the attorney general's sole discretion, shall determine the extent to which and  
30 the manner in which said results may be reported to the lottery commission or other state agency or  
31 official and, if reported, whether such results are to retain their confidential character; provided,  
32 however, that whenever the attorney general conducts such a review, the attorney general shall  
33 notify the lottery commission whether or not in his or her opinion such person is fit to be associated  
34 with participation in the ownership or management of the operation of video lottery machines in this  
35 state. The attorney general may conduct such review on the attorney general's motion into the  
36 background of the license applicant or holder, or any person or entity upon whom the license  
37 applicant or holder relies for financial support.



**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 8 -**

1 (d) In any review conducted pursuant to subparagraph (c), the attorney general or any  
2 duly authorized member of the attorney general's staff may require by subpoena or otherwise the  
3 attendance of witnesses and the production of such correspondence, documents, books, and papers as  
4 he or she deems advisable, and for purposes of this section, may administer oaths and take the  
5 testimony of witnesses.

6 (e)(1) The lottery commission shall impose an application fee of \$100,000 which shall be  
7 used to defray the cost of processing the application. If the cost of processing the application exceeds  
8 \$100,000, the applicant shall pay the difference.

9 (2) The attorney general shall impose an investigation fee of \$50,000 which shall be  
10 used to defray the cost of the background investigation. If the cost of the background investigation  
11 exceeds \$50,000, the applicant shall pay the difference.

12 (3) Upon approval of an operator licensee, the lottery commission shall charge an  
13 initial license fee of \$10,000,000 for an operator licensee, and a fee of \$1,000,000 for renewal of an  
14 operator license; however, such person seeking renewal of such license shall pay all costs incurred by  
15 the attorney general to conduct an investigation with regard to such application to renew the  
16 operator's license.

17 **II. Technology Providers.**

18 (a) A technology provider licensee applicant shall secure a technology provider license  
19 from the lottery commission. An applicant shall complete and sign an application on forms  
20 prescribed by the lottery commission, and include information regarding the applicant's criminal  
21 history background, civil judgments and financial affairs. The application shall include the full  
22 name, address, date of birth, and other personal identifying information of the applicant and all key  
23 employees, and if a corporation or other form of business enterprise, the same information shall be  
24 provided with respect to each partner, trustee, officer, and director, and any shareholder or other  
25 holder who owns more than 10 percent of the legal or beneficial interests of such entity.

26 (b) If the applicant or any owner has held or holds a gaming or video lottery machine  
27 license in a jurisdiction where video lottery machine activities are permitted, the applicant shall so  
28 state and may produce either a letter of reference from the gaming or lottery enforcement or control  
29 agency which sets forth the experience of that agency with the applicant, the applicant's associates,  
30 and gaming operation, or a statement under oath that the applicant is or was during the period the  
31 activities were conducted in good standing with the agency.

32 (c) The attorney general shall conduct a background review of each technology provider  
33 applicant and any of its owners and key employees. The review may be conducted through any  
34 appropriate state or federal law enforcement system and may seek information as to the subject's  
35 financial, criminal, or business background, or any other information which the attorney general, in  
36 his or her sole discretion, may find relevant the subject's fitness to be associated with the  
37 distribution of video lottery machines in New Hampshire, including, but not limited to, the subject's

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 9 -**

1 character, personal associations, and the extent to which the subject is properly doing business in the  
2 manner in which it purports to operate. The attorney general shall take into consideration as  
3 evidence of fitness a letter of reference or sworn statement of good standing produced pursuant to  
4 subparagraph (b). The attorney general shall report the results of the review to the lottery  
5 commission within 60 days. Notwithstanding any other law to the contrary, the information  
6 provided to the attorney general and the results of any such review shall be confidential and shall  
7 not be subject to disclosure or to public inspection, except that the attorney general, in the attorney  
8 general's sole discretion, shall determine the extent to which and the manner in which said results  
9 may be reported to the lottery commission or other state agency or official and, if reported, whether  
10 such results are to retain their confidential character; provided, however, that whenever the attorney  
11 general conducts such a review, the attorney general shall notify the lottery commission whether or  
12 not in his or her opinion such person is fit to be associated with the distribution of video lottery  
13 machines in this state. The attorney general may conduct a background review on the attorney  
14 general's motion into the background of the license applicant or holder, or any person or entity upon  
15 whom the license applicant or holder relies for financial support.

16 (d) In any review conducted pursuant to subparagraph (c), the attorney general or any  
17 duly authorized member of the attorney general's staff may require by subpoena or otherwise the  
18 attendance of witnesses and the production of such correspondence, documents, books, and papers as  
19 he or she deems advisable, and for purposes of this section, may administer oaths and take the  
20 testimony of witnesses.

21 (e)(1) The lottery commission shall charge the technology provider applicant an  
22 application fee of \$100,000 which shall be used to defray the cost of processing the application. If the  
23 cost of processing the application exceeds \$100,000, the applicant shall pay the difference.

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

27 (3) Upon approval of a technology provider licensee, the lottery commission shall  
28 charge an initial license fee of \$50,000. The lottery commission shall charge a fee of \$50,000 to  
29 renew a license to a technology provider licensee provided, however, such person seeking renewal of  
30 its license shall pay all costs incurred by the attorney general to conduct an investigation with  
31 regard to such application to renew the technology provider's license.

32 284-B:6 Licensure Requirements.

33 I. No license shall be issued by the lottery commission unless the applicant demonstrates it  
34 complies with the provisions of this section. The lottery commission shall consider as evidence of  
35 compliance any letter of reference or sworn statement of good standing submitted pursuant to  
36 RSA 284-B:5, I(b) or RSA 284-B:5, II(b) and:

37 (a) The applicant's financial stability, integrity, and responsibility, considering, without

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 10 -**

1 limitation, bank references, business and personal income and disbursement schedules, tax returns,  
2 and other reports filed with governmental agencies, business and personal accounting records, check  
3 records, and ledgers.

4 (b) The trustworthiness of all financial backers, investors, mortgagees, bondholders, and  
5 holders of indentures, notes, and other evidences of indebtedness of the applicant.

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

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

12 II. No license shall be issued by the lottery commission to any applicant unless the applicant  
13 proves that each director, officer, or key employee and each direct or indirect owner complies with  
14 the criteria for licensure contained in this section.

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

23 IV. No licensee or any individual or entity that is an owner of, or has a financial interest in  
24 or with, the licensee shall be permitted to make a political contribution as defined by RSA 664:2,  
25 VIII.

26 V. The lottery commission shall grant or deny a license under this chapter within 180 days  
27 of receiving a completed application, notwithstanding the adoption of interim or final rules.

28 VI. The lottery commission may determine whether the licensing standards of another  
29 jurisdiction within the United States or Canada in which an applicant, its affiliate, intermediary  
30 subsidiary, or holding company for an operator or technology provider license is similarly licensed  
31 are comprehensive and thorough and provide similar adequate safeguards as those required by this  
32 chapter. If the lottery commission makes that determination, it may issue an operator or technology  
33 provider license to an applicant who holds a similar license in such other jurisdiction after  
34 conducting an evaluation of the information relating to the applicant from such other jurisdiction, as  
35 updated by the lottery commission, and evaluating other information related to the applicant  
36 received from that jurisdiction and other jurisdictions where the applicant may be licensed, or the  
37 lottery commission may incorporate such information, in whole or in part, into its or the attorney

1 general's evaluation of the applicant.

2 284-B:7 Exclusion of Minors.

3 I. No person under 21 years of age shall play a video lottery machine authorized by this  
4 chapter. Each violation of this paragraph shall be punishable by a fine of no more than \$20,000 and  
5 shall be payable by such person who violates this section.

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

10 284-B:8 Distribution of Net Machine Income.

11 I. Forty-nine percent of the net machine income generated by video lottery machines at a  
12 destination casino shall be paid to the state treasurer. After the deduction of the reasonable costs of  
13 administration as provided in this chapter, the moneys received shall be disbursed as follows:

14 (a) The sum of \$75,000 shall be credited in each fiscal year to the commissioner of the  
15 department of health and human services to support programs established by RSA 172 to treat  
16 problem gambling.

17 (b) Three percent of the net machine income generated by video lottery machines  
18 operated by a destination casino in any specific municipality shall be paid to the municipality in  
19 which the destination casino operates video lottery machines.

20 (c) The remainder of the moneys received in each state fiscal year shall be deposited in  
21 the highway fund to be expended for highway and bridge construction and repair by the department  
22 of transportation as provided by law.

23 II. The balance of the funds from the net machine income from video lottery machines shall  
24 be retained by the operator licensee that operates such video lottery machines.

25 III. The operator licensee shall deliver the amounts payable to the state as provided in  
26 paragraph I in immediately available funds of the United States on a weekly basis on the third  
27 business day following the end of each week. At the time payment is delivered, the operator licensee  
28 shall provide a written accounting of net machine income generated from the video lottery machines  
29 by the operator licensee on an aggregate basis and the calculation of amounts due to the state  
30 separately for distribution pursuant to paragraph I and the balance of net machine income retained  
31 by the operator licensee. The operator licensee shall pay a penalty of \$1,000 for each day that  
32 payment or the accounting is not delivered on time to the state.

33 284-B:9 Procedures for Adoption by Local Community.

34 I. Any municipality in which a destination casino is or will be situated may adopt the  
35 provisions of RSA 284-B to allow the operation of video lottery machines in the following manner:

36 (a) In a town, other than a town that has adopted a charter pursuant to RSA 49-D, the  
37 questions shall be placed on the warrant of an annual or special town meeting, by the governing body

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 12 -**

1 or by petition pursuant to RSA 39:3.

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

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

18 (d) The wording of the question shall be substantially as follows: “Shall we adopt the  
19 provisions of RSA 284-B allowing the operation of video lottery machines at [insert the name of the  
20 destination casino] located within the town/city?”

21 II. When a destination casino requests a town or city to act under paragraph I, the  
22 destination casino shall pay all costs associated with carrying out the actions under this section.

23 284-B:10 Inspection of Video Lottery Machines; Penalty for Tampering or Manipulating.

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

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

30 284-B:11 Video Lottery Machines.

31 I. An operator of video lottery machines shall provide to the lottery commission, by diagram  
32 or narrative, a description of the following, which shall be approved by the lottery commission prior  
33 to commencing the operation of any video lottery machines:

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

35 (b) The location of all areas for the storage, maintenance, or repair of video lottery  
36 machines.

37 (c) A description of all security measures to be taken for the safeguarding of video lottery

1 machines.

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

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

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

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

11 III. Each operator licensee shall maintain secure facilities for the counting and storage of all  
12 moneys, tokens, or other items of value utilized in the conduct of video lottery 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. All video lottery machines in operation at a destination casino shall provide a payoff of  
21 an average of at least 87 percent.

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

26 VIII. An operator licensee shall not be restricted in the days of operation of video lottery  
27 machines.

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

31 X. All table games operated by a destination casino shall be approved in advance by the  
32 lottery commission as provided in RSA 287-H and operated consistent with the approval.

33 284-B:12 Term of License. Any license issued pursuant to this chapter and any renewal thereof  
34 shall be valid for 5 years unless earlier suspended or revoked by the lottery commission. The lottery  
35 commission shall adopt procedures for license renewal that take into consideration whether the  
36 applicant has been previously licensed in good standing under this chapter. No license issued by the  
37 lottery commission may be transferred to a separate entity without approval by the lottery

1 commission consistent with this chapter.

2 284-B:13 Presence of the Lottery Commission. The lottery commission may be present at any  
3 destination casino at which video lottery machines are operated at all times when the facility is open  
4 to the public. The destination casino may be required by the lottery commission to provide such  
5 office space and equipment which the commission shall determine is reasonably necessary or proper.

6 284-B:14 Sanction Powers of the Lottery Commission.

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

10 (a) Revocation or suspension of a license.

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

13 (c) Order restitution of any moneys or property unlawfully obtained or retained by a  
14 person.

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

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

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

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

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

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

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

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

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

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

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

35 284-B:15 Declaration of Limited Exemption from Operation of Provisions of 15 U.S.C. sections  
36 1171-1178. Pursuant to section 2 of an act of Congress of the United States entitled "An Act to  
37 Prohibit Transportation of Gambling Devices in Interstate and Foreign Commerce," designated as 15

1 U.S.C. sections 1171-1178, the state of New Hampshire, acting by and through the duly elected and  
2 qualified members of its legislature, does hereby, in accordance with and in compliance with the  
3 provisions of that section 2 of that act of Congress, declare and proclaim that it is in the state's best  
4 interest to benefit from limiting gambling device revenues but prevent the proliferation of gambling  
5 devices by limiting approved facility locations and therefore that section 2 of that act of Congress  
6 shall not apply to any gambling device in this state where the transportation of such a device is  
7 specifically authorized by and done in compliance with the provisions of this chapter and any rules  
8 adopted pursuant to it, and that any such gambling device transported in compliance with state law  
9 and rules shall be exempt from the provisions of that act of Congress.

10 284-B:16 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state  
11 of gaming devices, the registering, recording, and labeling of which has been duly made by the  
12 manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States  
13 entitled "An Act to Prohibit Transportation of Gambling Devices in Interstate and Foreign  
14 Commerce," designated as 15 U.S.C. sections 1171-1178, shall be deemed legal shipments into this  
15 state.

16 2 New Section; Lottery Commission; Administration of Video Lottery. Amend RSA 284 by  
17 inserting after section 21-v the following new section:

18 284:21-w Video Lottery; Duties of the Lottery Commission; Administration of Video Lottery.

19 I. The lottery commission shall:

20 (a) Collect all license fees imposed upon any applicant and all taxes imposed by  
21 RSA 284-B.

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

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

29 (d) Require all holders of licenses issued by the lottery commission pursuant to RSA 284-  
30 B to maintain a system of internal controls. At a minimum, the licensee's proposed system of  
31 internal controls shall:

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

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

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



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

2 (5) Ensure any financial event that occurs in the operation of a video lottery machine  
3 or table game is performed only in accordance with the management's general or specific  
4 authorization.

5 (6) Ensure that any financial event that occurs in the operation of a video lottery  
6 machine is recorded adequately to permit proper and timely reporting of net machine income and the  
7 calculation thereof and the related fees and taxes.

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

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

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

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

17 II. The lottery commission may employ assistants to carry out the provisions of this section,  
18 RSA 284-B, and RSA 287-H, and may employ such additional assistants and employees as the  
19 governor and council shall authorize. Such assistants and employees shall receive compensation at  
20 rates to be established by the department of administrative services, division of personnel. No  
21 employee of the lottery commission shall have any pecuniary or other interest in any supplier or  
22 agent to the commission or in any destination casino or licensee licensed under RSA 284-B.

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

25 IV. No later than November 1 of each calendar year, the lottery commission shall provide a  
26 report to the fiscal committee of the general court regarding the generation of revenues of video  
27 lottery machines and table games by destination casinos.

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

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

35 (b) The lottery commission shall maintain such other files and records as the lottery  
36 commission determines is necessary.

HB 665-FN-A-LOCAL – AS INTRODUCED

- Page 17 -

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

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

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

14 3 New Paragraph; Destination Casino; Cocktail Lounge License. Amend RSA 178:22, by  
15 inserting after paragraph V the following new paragraph:

16 VI. The commission may issue a special license to a person holding a pari-mutuel license or  
17 an operator's license at a destination casino under the provisions of RSA 284-B provided the  
18 destination casino has an existing liquor license. Such special license shall allow the sale of liquor,  
19 wine, and beverages within the destination casino, including dining room, function room, gaming  
20 room, lounge, or any other area designated by the commission, without regard to whether meals are  
21 served therein, but only during the time gaming is being conducted under RSA 284-B.

22 4 New Subparagraph; Authorized Video Lottery Machines. Amend RSA 647:2, V by inserting  
23 after subparagraph (c) the following new subparagraph:

24 (d) Video lottery machines authorized pursuant to RSA 284-B and table games  
25 authorized pursuant to RSA 287-H.

26 5 Rehabilitation of Problem Gaming. Amend RSA 172:2-a to read as follows:

27 172:2-a Program Established. The commissioner shall provide for the scientific care, treatment,  
28 and rehabilitation of **gambling**, alcohol, and drug abusers, and work towards the prevention of, and  
29 assist in the control of, alcohol and drug abuse within the state through education, treatment,  
30 community organization, and research.

31 6 Rehabilitation of Problem Gaming. Amend RSA 172:8 to read as follows:

32 172:8 Duties of Commissioner. The commissioner shall:

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

HB 665-FN-A-LOCAL – AS INTRODUCED

- Page 18 -

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

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

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

9 V. [Repealed.]

10 VI. Render biennially to the governor and council a report of his **or her** activities including  
11 recommendations for improvements therein by legislation or otherwise.

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

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

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

19 X. [Repealed.]

20 7 Problem Gaming Added. Amend RSA 172:8-a to read as follows:

21 172:8-a Confidentiality of Client Records. No reports or records or the information contained  
22 therein on any client of the program or a certified **gambling**, alcohol, or drug abuse treatment  
23 facility or any client referred by the commissioner shall be discoverable by the state in any criminal  
24 prosecution. No such reports or records shall be used for other than rehabilitation, research,  
25 statistical, or medical purpose, except upon the written consent of the person examined or treated.  
26 Confidentiality shall not be construed in such manner as to prevent recommendation by the  
27 commissioner to a referring court, nor shall it deny release of information through court order  
28 pursuant to appropriate federal regulations.

29 8 Problem Gaming Added. Amend RSA 172:8-b to read as follows:

30 172:8-b Rulemaking. The commissioner shall adopt rules under RSA 541-A relative to the  
31 following:

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

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

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

37 (a) Program content;

1 (b) Qualifications of program staff; and

2 (c) Type of substance abuse treatment offered.

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

5 (a) Peer review of applicants.

6 (b) Minimum qualifications and competency.

7 (c) Education and continuing education.

8 (d) Experience required.

9 (e) Required knowledge of **gambling**, alcohol, and drug abuse counseling.

10 (f) Such other matters as the commissioner may deem necessary to carry out the  
11 purposes of this chapter.

12 V. Voluntary admissions under RSA 172:13.

13 9 Acceptance of Funds; Treatment of Problem Gamblers. Amend RSA 172:9 to read as follows:

14 172:9 Acceptance of [~~Grants~~] **Funds**. The commissioner is authorized to accept in the name of  
15 the state special grants or money or services from the federal or state governments or any of their  
16 agencies and may accept gifts to carry on the functions provided for in this chapter.

17 10 New Chapter; Table Games. Amend RSA by inserting after chapter 287-G the following new  
18 chapter:

19 CHAPTER 287-H

20 TABLE GAMES

21 287-H: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 commission deems a cash equivalent. Other than  
37 recognized credit cards or credit extended by the table game certificate holder, all instruments that

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

4 IV. “Certificate holder” means a video lottery operator licensee issued a table game  
5 operation certificate by the commission to operate the table games at a destination casino.

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. “Destination casino” means any facility licensed by the lottery commission pursuant to  
10 RSA 284-B.

11 VIII.(a) “Gross table game revenue” means the total of cash or equivalent wagers received in  
12 the playing of a table game minus the total of:

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

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

16 (3) Any personal property distributed to a patron as a result of playing a table game.

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

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

27 X. “Table game” means any banking or percentage game in which there is an opportunity for  
28 the player to use his or her reason, foresight, or other strategy to increase the expected return,  
29 including roulette, baccarat, blackjack, poker, craps, big 6 wheel, mini-baccarat, red dog, pai gow,  
30 casino war, Asia poker, Boston 5 stud poker, Caribbean stud poker, Colorado hold ’em poker, double  
31 attack blackjack, double cross poker, double down stud poker, fast action hold ’em, flop poker, 4 card  
32 poker, let it ride poker, mini-craps, mini-dice, pai gow poker, pokette, Spanish 21, Texas hold ’em  
33 bonus poker, 3 card poker, 2 card joker poker, ultimate Texas hold ’em, winner’s pot poker, and sic  
34 bo, and any other games approved by the commission. The term includes any variations or  
35 composites of approved games, provided that the commission determines that the new table game,  
36 variations, or composites are suitable for use after an appropriate test or experimental period under  
37 such terms and conditions as the commission may deem appropriate, and any other game which the

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 21 -**

1 commission determines to be suitable for use in a licensed facility after an appropriate test or  
2 experimental period as the commission may deem appropriate. The term shall also include gaming  
3 contests or tournaments in which players compete against one another in any table game authorized  
4 for use in a licensed facility by the commission. The term shall not include wagering on pari-mutuel  
5 racing regulated by the racing and charitable gaming commission pursuant to RSA 284, raffles  
6 regulated pursuant to RSA 287-A, lotteries regulated by the lottery commission pursuant to  
7 RSA 284:21-a and RSA 287-F, and bingo and lucky 7 games regulated by the racing and charitable  
8 gaming commission pursuant to RSA 287-E. Table games which are operated as games of chance  
9 pursuant to RSA 287-D shall not be subject to the provisions of this chapter.

10 XI. "Table game device" includes tables, cards, dice, chips, shufflers, tiles, dominoes, wheels,  
11 drop boxes, or any mechanical or electrical contrivance, terminal, machine, or other device approved  
12 by the commission and used or consumed in operation of or connection with a table game.

13 XII. "Table game operation certificate" means a certificate issued by the commission that  
14 certifies that the table gaming operation of a destination casino conforms to the requirements of this  
15 chapter and rules adopted under this chapter and that authorizes the holder of a video lottery  
16 operator license to conduct table gaming under this chapter.

17 XIII. "Table game operator" means:

18 (a) "Primary game operator" which means any consultant or any person involved in  
19 conducting, managing, supervising, directing, or running the table games at a licensed facility and  
20 shall include the banker, the auditor, the counter, and persons involved in the cage; or

21 (b) "Secondary game operator" which means any person involved in dealing, running a  
22 roulette wheel, or handling chips at a destination casino.

23 XIV. "Technology provider" means a technology provider that is licensed by the lottery  
24 commission pursuant to RSA 284-B, or who manufactures, builds, rebuilds, fabricates, assembles,  
25 produces, programs, designs, or otherwise modifies table games.

26 XV. "Video lottery operator licensee" means a person issued a license by the lottery  
27 commission to procure and operate video lottery machines pursuant to RSA 284-B.

28 287-H:2 State Employee Prohibition. No member, employee, or independent contractor of the  
29 lottery commission or racing and charitable gaming commission shall accept a complimentary service  
30 or wager or be paid any prize from any wager at any licensed facility within the state or at any other  
31 facility outside this state which is owned or operated by a licensed gaming entity or any of its  
32 affiliates, intermediaries, subsidiaries, or holding companies thereof for the duration of his or her  
33 term of office, employment, or contract with the lottery commission or the racing and charitable  
34 gaming commission and for a period of one year from the termination of term of office, employment,  
35 or contract with the lottery commission or racing and charitable gaming commission. The provisions  
36 of this section shall not apply to employees who utilize table games for testing purposes or to verify  
37 the performance of table games as part of an enforcement investigation.

1           287-H:3 General and Specific Powers.

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

6           II. The commission shall:

7           (a) Issue, approve, renew, revoke, suspend, condition, or deny issuance or renewal of a  
8 table game operation certificate to a video lottery operator licensee.

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

18           III. The commission shall not issue or renew a table game operation certificate unless it is  
19 satisfied that the applicant is an operator licensee in good standing operating video lottery machines  
20 under RSA 284-B.

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

27           287-H:4 Enforcement. The commission, with the assistance of the attorney general, shall  
28 administer and enforce the provisions of this chapter.

29           287-H:5 Rulemaking.

30           I. The commission shall adopt rules, pursuant to RSA 541-A, relative to:

31           (a) The application procedure for video lottery operator licensees to obtain a table game  
32 operation certificate.

33           (b) The approval procedure for table game operators, including the classification of  
34 primary game operators and secondary game operators.

35           (c) Procedures for a hearing following revocation of any table game operation certificate  
36 pursuant to this chapter.

37           (d) The operation of table games.

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 23 -**

1 (e) Refunds of certificate fees pursuant to this chapter.

2 (f) Procedures for approving technology providers not licensed by RSA 284-B, and  
3 associated fees.

4 (g) Accountability controls to ensure game integrity, including, but not limited to, cash,  
5 attendance, prizes, income, expense, and financial reporting, and recordkeeping to be implemented  
6 by licensed table game operators in addition to requirements set forth in this chapter.

7 (h) Enforcement of this chapter.

8 (i) The issuance of subpoenas, administrative orders and fines, badge specifications,  
9 requirements, and fees.

10 II. Pending the adoption of rules under RSA 541-A, the commission shall adopt interim rules  
11 pursuant to RSA 541-A:19 after a public hearing and within 90 days after the enactment of this  
12 chapter. Such interim rules shall implement the provisions of this chapter.

13 287-H:6 Table Games Authorized. A person licensed to operate video lottery pursuant to  
14 RSA 284-B may operate table games at a destination casino in the manner hereinafter provided and  
15 not otherwise:

16 I. Persons holding a current license in good standing from the lottery commission to operate  
17 video lottery pursuant to RSA 284-B may petition for a table game operation certificate for the  
18 operation of table games at a destination casino and upon confirmation by the commission that it  
19 meets the criteria set forth in this chapter shall be granted a certificate for the operation of table  
20 games.

21 II. The certificate shall not be transferable.

22 III. The destination casino shall not permit games of chance conducted by charitable  
23 organizations under RSA 287-D.

24 287-H:7 Authorization to Conduct Table Games and Licensure.

25 I. Notwithstanding any other provision of law to the contrary, the commission may authorize  
26 only a licensed video lottery operator to engage in the operation of table games and the system of  
27 wagering associated with table games at a destination casino. Authorization to conduct table games  
28 shall be contingent upon the licensee's agreement to conduct table games in accordance with this  
29 chapter.

30 II. A video lottery operator who is issued a table games operation certificate may only be  
31 permitted to operate table games at a destination casino consistent with the permission granted by  
32 the certificate.

33 III.(a) A video lottery operator licensee may seek approval to operate table games by filing a  
34 petition with the commission.

35 (b) A petition shall include the following:

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

37 (2) The name and address, job title, and a photograph of each principal and key



1 employee of the petitioner not currently approved or licensed by the commission, including table  
2 game operators.

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

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

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

12 (6) The details of any financing that will be obtained or has been obtained to fund  
13 the expansion of the destination casino to accommodate the operation of table games.

14 (7) Detailed site plans identifying the petitioner's proposed table game area within  
15 the destination casino. The proposed table game area shall be reviewed by the commission to  
16 determine the adequacy of the proposed internal controls and external security and proposed  
17 surveillance measures and submit a finding regarding adequacy to the commission.

18 IV. The petitioner shall certify under oath that:

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

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

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

27 287-H:8 Standard of Review. The commission shall grant the petition and issue a certificate to  
28 authorize the petitioner to operate table games if the petitioner establishes evidence of the following:

29 I. The petitioner is an eligible video lottery operator licensee duly licensed pursuant to  
30 RSA 284-B.

31 II. If necessary, the petitioner has secured adequate financing to fund the expansion of the  
32 petitioner's destination casino to accommodate the operation of table games.

33 III. The proposed internal and external security and proposed surveillance measures within  
34 the petitioner's proposed table game area within the destination casino are adequate.

35 287-H:9 Commencement of Table Game Operations. A video lottery operator licensee may not  
36 operate or offer table games for play at a destination casino until:

37 I. The commission approves the petition filed under RSA 287-H:7.

1 II. The video lottery operator license pays the fee under RSA 287-H:14.

2 III. The commission has issued a table games operation certificate to the video lottery  
3 operator licensee under RSA 287-H:6 and RSA 287-H:8.

4 287-H:10 Term of Table Game Authorization. After payment of the fee under RSA 287-H:14,  
5 authorization to conduct table games shall be in effect unless suspended, revoked, or not renewed by  
6 the commission upon good cause consistent with the license requirements provided in this chapter.  
7 Video lottery operator licensees shall be required to update the information in their initial table  
8 games petition at times prescribed by the commission, but at least as frequently as the operator is  
9 required to renew its video lottery operator's license. An additional license fee of no more than  
10 \$1,000,000 shall be imposed for renewal of a table game operation certificate every 5 years. The  
11 commission shall be entitled to use such funds to support staff and resources necessary to implement  
12 this chapter.

13 287-H:11 Condition of Continued Operation. A certificate holder shall maintain all books,  
14 records, and documents pertaining to the certificate holder's table game operation in a manner and  
15 location as approved by the commission. All books, records, and documents related to table game  
16 operations shall:

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

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

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

23 287-H:12 Table Game Accounting Controls and Audits.

24 I. Prior to being approved for a table game operation certificate, a video lottery operator  
25 licensee shall obtain approval from the commission of its proposed site plans and internal control  
26 systems and audit protocols for its table games operation.

27 II. The video lottery operator licensee's proposed internal controls and audit protocols shall:

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

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

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

34 (d) Establish procedures for all the following:

35 (1) The receipt, storage, and disbursement of chips, cash, and other cash equivalents  
36 used in table gaming.

37 (2) Check cashing.

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (p) Ensure that all functions, duties, and responsibilities are appropriately segregated  
28 and performed in accordance with sound financial practices by competent, qualified personnel.

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

32 III. Each video lottery operator licensee shall, prior to being approved for a table game  
33 operation certificate, submit to the commission a detailed description of its administrative and  
34 accounting procedures related to table games, including its written system of internal controls. Each  
35 written system of internal controls shall include:

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

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

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

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

6 IV. Prior to approving a petitioner for a table game operation certificate, the commission  
7 shall review the system of internal controls submitted under RSA 287-H:7, III(b)(7) to determine  
8 whether it conforms to the requirements of this chapter and provides adequate and effective controls  
9 for the operations of the destination casino.

10 287-H:13 Wagering Policies.

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

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

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

23 287-H:14 Table Game Authorization Fee.

24 I. Upon approval of a petition filed under RSA 287-H:7 and prior to the commencement of  
25 the operation of table games at the destination casino, the commission shall impose a one-time  
26 authorization fee on the video lottery operator licensee in the amount of \$10,000,000. The  
27 commission is authorized to use such funds to support staff and resources necessary to implement  
28 this chapter.

29 II. All table game authorization fees received by the commission under this section, less  
30 amounts allowed under paragraph I, shall be deposited in the highway fund to be expended by the  
31 department of transportation for highway and bridge construction and repair.

32 287-H:15 Distribution of Table Game Revenues.

33 I. Each certificate holder shall pay from its daily gross table game revenue from the table  
34 games in operation at its licensed facility:

35 (a) Eight percent of daily gross table revenue to the state to be deposited into the  
36 highway fund to be expended by the department of transportation for highway and bridge  
37 construction and repair.

1 (b) The balance of the daily gross table game revenue to the video lottery operator  
2 licensee that operates the table games.

3 II. The distribution due to the state pursuant to subparagraph I(a) shall be due and payable  
4 to the state treasurer on a quarterly basis and shall be based upon gross table game revenue derived  
5 during the previous quarter. All funds owed to the state under this section shall be held in trust by  
6 the certificate holder until the funds are paid or transferred and distributed by the certificate holder.  
7 Unless otherwise agreed to by the commission, a certificate holder shall establish a separate bank  
8 account to maintain table gaming proceeds until such time as the proceeds are paid or transferred  
9 under this section.

10 287-H:16 Authorization of Suppliers and Manufacturers of Table Game Devices. Any person  
11 seeking to supply table game devices for use at a licensed facility shall obtain approval by the  
12 commission for authority to manufacture or supply table games, table game devices, or other  
13 equipment associated with table games, and shall pay such fees as the commission deems reasonable  
14 and appropriate. Upon approval, the manufacturer or supplier shall pay a fee of \$50,000. A fee of  
15 \$25,000 shall be paid for the annual renewal of a supplier approval.

16 287-H:17 Equipment; Wagering; Prizes.

17 I. No table games shall be conducted with any equipment except such as is owned or leased  
18 from a supplier or manufacturer of such equipment who has been approved by the commission  
19 pursuant to RSA 287-H:16 and who has registered with the secretary of state in such manner and on  
20 such form as the secretary of state prescribes.

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

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

25 287-H:18 Sanction Powers of the Lottery Commission.

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

29 (a) Revocation or suspension of a certificate.

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

32 (c) Order restitution of any moneys or property unlawfully obtained or retained by a  
33 person.

34 (d) Issue a cease and desist order which specifies the conduct which is to be  
35 discontinued, altered, or implemented by the person.

36 (e) Issue letters of reprimand or censure, which shall be made a permanent part of the  
37 file of each person so sanctioned.

**HB 665-FN-A-LOCAL – AS INTRODUCED**

**- Page 29 -**

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

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

3 (a) The risk to the public and to the integrity of table game operations created by the  
4 conduct of the person.

5 (b) The seriousness of the conduct of the person and whether the conduct was purposeful  
6 or with knowledge that it was in contravention of the provisions of this chapter or the rules of the  
7 commission.

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

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

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

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

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

16 287-H:19 Declaration of Limited Exemption from Operation of Provisions of 15 U.S.C. sections  
17 1171-1178. Pursuant to section 2 of an act of Congress of the United States entitled "An Act to  
18 Prohibit Transportation of Gambling Devices in Interstate and Foreign Commerce," designated as 15  
19 U.S.C. sections 1171-1178, the state of New Hampshire, acting by and through the duly elected and  
20 qualified members of its legislature, does hereby, in accordance with and in compliance with the  
21 provisions of that section 2 of that act of Congress, declare and proclaim that it is in the state's best  
22 interest to benefit from limiting gambling device revenues but prevent the proliferation of gambling  
23 devices by limiting approved facility locations and therefore that section 2 of that act of Congress  
24 shall not apply to any gambling device in this state where the transportation of such a device is  
25 specifically authorized by and done in compliance with the provisions of this chapter and any rules  
26 adopted pursuant to it, and that any such gambling device transported in compliance with state law  
27 and rules shall be exempt from the provisions of that act of Congress.

28 287-H:20 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state  
29 of gaming devices, the registering, recording, and labeling of which has been duly made by the  
30 manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States  
31 entitled "An Act to Prohibit Transportation of Gambling Devices in Interstate and Foreign  
32 Commerce," designated as 15 U.S.C. sections 1171-1172, shall be deemed legal shipments into this  
33 state.

34 11 Effective Date. This act shall take effect upon its passage.

## HB 665 FISCAL NOTE

AN ACT                    relative to video lottery and table gaming.

### FISCAL IMPACT:

The Lottery Commission, Department of Justice, Department of Health and Human Services, and New Hampshire Municipal Association state this bill, **as introduced**, will increase state expenditures and state and local revenue by an indeterminable amount in FY 2014 and each year thereafter. There will be no impact on county revenue, or county and local expenditures.

### METHODOLOGY:

This bill allows the construction and operation of two destination casinos in New Hampshire, one in the White Mountains and one in a county bordering Massachusetts. The bill permits an unspecified number of video lottery machines and table games at each location. The bill charges the Lottery Commission with general regulatory oversight of the two casinos, and the Department of Justice with conducting background investigations of operator and technology provider applicants. Following are several provisions of the bill that will impact state and municipal revenue:

- Each facility shall pay an operator license fee of \$10,000,000 to the Lottery Commission. The operator license allows the licensee to possess, conduct and operate video lottery machines, and is valid for five years. Renewal fees are \$1,000,000 and are likewise valid for five years.
- 49% of net machine income generated by video lottery machines shall be paid to the state treasurer and distributed as follows:
  - \$75,000 per fiscal year to the Department of Health and Human Services, for the purpose of treating problem gaming;
  - 3% of net machine income to the municipality in which the casino operates; and
  - The remainder, after deducting the administrative costs to the state of regulating the casinos, to the state highway fund, to be expended by the Department of Transportation for highway and bridge construction and repair.
- Licensed facilities are allowed to offer table games, in which case each facility shall pay to the Lottery Commission a one-time \$10,000,000 table game authorization fee. The cost to the state of administering table games shall be deducted from this fee. Renewal fees shall be no more than \$1,000,000 every five years.

- 8% of gross table revenue shall be paid to the state treasurer and deposited into the highway fund to be expended by the Department of Transportation for highway and bridge construction and repair.
- All video lottery machines shall pay out as winnings at least 87 percent.

As noted above, operator license and renewal fees and table game authorization fees are payable to the Lottery Commission. RSA 284:21-j states that “the state treasurer shall credit all moneys received from the lottery commission...to a special fund from which the treasurer shall pay all expenses of the commission...” The RSA further states that “[a]ny balance left in such fund after such expenses are paid shall be deposited in the education trust fund established under RSA 198:39.” Operator license and renewal and table game authorization fees collected under this chapter would therefore be deposited in the education trust fund, less deductions for the Commission’s administrative costs for regulating table games.

In addition to license fees, the bill imposes a variety of application and investigation fees. In each case, the bill states that if the cost of processing each application or conducting each investigation exceeds the amount of the fee, the applicant shall pay the difference. The fees are as follows:

- Applicant facilities will be required to pay an application fee of \$100,000 in order to obtain a license to operate video lottery machines. The application fee is to be used by the Lottery Commission to defray the cost of processing the application.
- Applicant facilities will be required to pay an investigation fee of \$50,000 to be used by the Department of Justice to defray the cost of the applicant’s background investigation.
- Applicant technology providers will be required to pay a \$100,000 application fee, to be used by the Lottery Commission to defray the cost of processing the application.
- Applicant technology providers will be required to pay an investigation fee of \$25,000, to be used by the Department of Justice to defray the cost of conducting the technology provider’s background investigation.

The Lottery Commission estimates there will be four operator license applications, at \$100,000 each payable to the Commission, and four technology provider licenses, at \$50,000 each payable to the Commission, during FY 2014. These applications will generate revenue of \$600,000. The Commission estimates that personnel expenditures during FY 2014 will be \$638,054. If all of these expenditures are related to processing applications, there will be no net gain or loss to the Commission during FY 2014, as the applicants will pay the increased cost of processing the applications. If not all of the expenditures are related to processing applications, the net cost to the Commission will be at most \$38,054 in FY 2014.



The bill does not specify the number of video lottery machines or table games at each facility. Based on the fact that the bill requires a minimum capital investment of \$10,000,000 in each casino, the Lottery Commission assumes license holders will opt to renovate existing facilities rather than build new facilities, and that these renovated facilities will be operational beginning October 1, 2014. The Commission assumes a combined total of 2,000 machines will be licensed at the two facilities, and estimates net machine income at \$225 per machine per day. The Commission further assumes the two facilities will house a combined total of 100 table games, with gross table game revenue of \$2,250 per table game per day. Based on these assumptions, the Commission assumes the bill will result in the following net machine income and gross table game revenue beginning in FY 2015:

	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Net machine income:	\$123,187,500	\$164,250,000	\$164,250,000
Gross table game revenue:	\$61,593,750	\$82,125,000	\$82,125,000

With respect to Lottery Commission expenditures, the Commission estimates it will need to add 26 positions to fulfill the new oversight responsibilities, at a cost of \$1,643,973 in the first full year of operation. The Commission states that 60 percent, or \$986,384 each year, of these personnel costs will be related to table game oversight and administration, while 40 percent, or \$657,589 each year, will be related to video lottery oversight and administration. In addition, the Commission states it will operate one central gaming system, defined by the bill as “a central monitor and control system provided and monitored by the lottery commission to which video lottery terminals communicate for purposes of information retrieval, retrieval of the win and loss determination from video lottery machines, and programs to activate and disable video lottery machines.” The Commission estimates the central gaming system will cost approximately \$3,200,000 per year. Based on these expenses and the above estimates of net machine income and gross table game revenue, the Commission estimates the bill will have the following impact on state restricted revenue and expenditures beginning in FY 2015:

	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Department of Health and Human Services</b>			
\$75,000 annual allocation from NMI	\$75,000	\$75,000	\$75,000
DHHS Total:	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>
<b>Municipalities</b>			
3% of NMI	\$3,695,625	\$4,927,500	\$4,927,500
Municipalities Total:	<b>\$3,695,625</b>	<b>\$4,927,500</b>	<b>\$4,927,500</b>

**Highway Fund**

46% of NMI	\$56,666,250	\$75,555,000	\$75,555,000
(Minus DHHS allocation)	(\$75,000)	(\$75,000)	(\$75,000)
(Minus Lottery Commission administrative costs)	(\$2,923,446)	(\$3,857,592)	(\$3,857,592)
(Minus DOJ administrative costs)	(\$61,948)	(\$63,533)	(\$65,150)
8% of gross table game revenue	\$4,927,500	\$6,570,000	\$6,570,000
Highway Fund Total:	<b>\$58,533,356</b>	<b>\$78,128,875</b>	<b>\$78,127,258</b>

**Lottery Fund / Education Trust Fund**

Two \$10,000,000 operator license fees	\$20,000,000	-	-
Two \$10,000,000 table game authorization fees	\$20,000,000	-	-
( Minus table-game related expenses)	(\$986,384)	(\$986,384)	(\$986,384)
Lottery / Education Trust Fund Total:	<b>\$39,013,616</b>	<b>(\$986,384)</b>	<b>(\$986,384)</b>

The bill also establishes a variety of fines for violations of the bill's provisions.

The Commission states that by authorizing video lottery machines, the bill may result in an indeterminable reduction in lottery ticket revenue. The Commission notes, however, that lottery ticket revenue may fall as a result of the introduction of casino gaming in Massachusetts, regardless of whether New Hampshire authorizes expanded gaming. The Commission states that authorizing expanded gaming in New Hampshire may result in a smaller reduction in lottery ticket revenue than if gaming were expanded only in Massachusetts.

The Department of Justice states that under the bill, it will be responsible for conducting a background investigation of each applicant for an operator's license or technology provider's license, and any owners or key employees thereof. The investigations must be completed within 60 days. The Department expects it will need to hire four temporary full-time investigators and four temporary full-time financial analysts to complete each investigation. The Department will also be responsible for conducting background investigations into any person who seeks to furnish services or property related to table games or associated equipment. The Department states it has no information on which to estimate the number and breadth of these investigations, or their cost. In addition, the Department will be responsible for enforcement at each facility, which will necessitate the hiring of additional staff. The Department states that in order to determine the number and type of enforcement personnel that will be required, it will need to contract with a security contract, and so the Department is currently unable to estimate the fiscal impact of these enforcement responsibilities. Finally, the Department states it anticipates that the Lottery Commission will require assistance from an assistant attorney

general in the civil bureau to promulgate rules, conduct administrative enforcement of violations, and otherwise provide legal counsel to manage the Commission's obligation to perform gaming oversight. The Department anticipates these responsibilities will require approximately the full-time equivalent of 1.5 assistant attorneys general and 40 percent of a paralegal during the first year of operation, and 25 to 50 percent of an assistant attorney general and 20 percent of a paralegal in each subsequent year. The Department states these will be new positions. Since the Lottery Commission estimates there will be two operator applications, with an investigation fee of \$50,000 each payable to the Department of Justice, and four technology provider applications, with an investigation fee of \$25,000 payable to the Department, the Department will recoup at least \$300,000 of these expenses in FY 2014, in which case the bill's fiscal impact on the Department will be as follows:

	FY 2014	FY 2015	FY 2016	FY 2017
<u>Revenue</u>				
Four operator investigation fees (\$50,000 apiece)	\$200,000	-	-	-
Four technology provider investigation fees (\$25,000 apiece)	\$100,000	-	-	-
Total Revenue:	<b>\$300,000</b>	-	-	-
<u>Expenditures</u>				
Attorney Salary (150% first year of operation, 50% thereafter)	\$99,885	\$34,480	\$35,514	\$36,579
Attorney Benefits	\$44,189	\$14,908	\$15,091	\$15,280
Investigator Salary (two months each for four positions)	\$33,779	-	-	-
Investigator Benefits	\$17,715	-	-	-
Research Analyst Salary (two months each for four positions)	\$42,354	-	-	-
Research Analyst Benefits	\$15,847	-	-	-
Paralegal Salary (40% first year of operation, 20% thereafter)	\$13,946	\$7,258	\$7,570	\$7,878
Paralegal Benefits	\$9,508	\$4,803	\$4,858	\$4,913
Miscellaneous	\$36,600	\$500	\$500	\$500
Total Expenditures	<b>\$313,823</b>	<b>\$61,948</b>	<b>\$63,533</b>	<b>\$65,150</b>
Net increase (decrease) in state revenue	<b>(13,823)</b>	<b>(\$61,948)*</b>	<b>(\$63,533)*</b>	<b>(\$65,150)*</b>

\* As noted above, per the distribution formula outlined in the bill, The Department's FY 2015 through FY 2017 costs will be deducted from revenue distributed to the state highway fund.

The Department of Health and Human Services states the bill allocates \$75,000 to the Department to address problem gaming treatment and prevention. The Department estimates the actual cost of providing minimally adequate services will range from \$795,584 in FY 2014 to

\$876,875 in FY 2017, and states it will not be able to provide this level of service without additional funding. The Department states that, although the bill allows only two facilities to operate in the state, it is unclear to what extent, if any, this may help minimize the prevalence of problem gambling that would arise within New Hampshire.

The New Hampshire Municipal Association states establishment of a gaming location will presumably result in additional property tax revenue for the host municipality. Abutting municipalities might also realize additional property tax revenue from ancillary development. The Association states it is unable to determine the amount of any such revenue. The Association further states that both the host municipality and abutting municipalities are likely to incur additional expenditures for public safety and infrastructure requirements. The Association states it is unable to determine the amount of such expenditures.

**Additional Estimates of Video Lottery Machine Revenue**

In order to further determine potential revenue, the Office of Legislative Budget Assistant collected publicly reported statistics on net machine income for facilities in the following states: Maine, Maryland, Rhode Island, Pennsylvania, and Connecticut. The data are from the most recent year publicly available, which was FY 2011 in the case of Maine and FY 2012 in the case of each other state. The states are in order from lowest to highest net revenue per machine per day.

<u>State</u>	<u># of Video Lottery Machines Statewide</u>	<u>Net Revenue Per Machine Per Day</u>
<b>Maine</b>	1,000	\$162.89
<b>Maryland</b>	5,471*	\$212.34
<b>Rhode Island</b>	5,850	\$246.00
<b>Pennsylvania</b>	26,785*	\$257.91
<b>Connecticut</b>	12,485	\$285.98

\*Not all of these terminals were operational the entire year; net revenue per machine per day has been adjusted to account for this.

Several of these states have multiple facilities offering video lottery games, and revenue per machine can vary significantly between facilities. For example, Pennsylvania had ten facilities at which video lottery machines were available for the entire fiscal year, ranging from a low of \$196.22 to a high of \$324.62 per machine per day. Likewise, Rhode Island had two casinos at

which video lottery machines were available, one of which averaged \$128 per machine per day, and one of which averaged \$274 per machine per day.

Using the high and low from each state's average net revenue per machine per day yields the following estimates of yearly revenue that may result from this bill. These estimates assume all 2,000 machines permitted by the bill are operational for the entire fiscal year. It should be noted that these estimates do not account for any impact the presence of video lottery machines in Massachusetts may have on New Hampshire machine revenue.

	<b>Low Estimate (\$162.89 per machine, per day)</b>	<b>High Estimate (\$285.98 per machine, per day)</b>
Total revenue, assuming 2,000 machines:	\$118,909,700	\$208,765,400
<u>Revenue allocation:</u>		
Highway Fund (46%, minus \$75,000 for HHS and \$3,857,592 in video lottery-related administrative costs)	\$50,765,870	\$92,099,492
Municipalities in which facilities are located (3%)	\$3,567,291	\$6,262,962