

SB 152-FN-A-LOCAL – AS AMENDED BY THE SENATE

03/14/13 0796s

2013 SESSION

13-0917
08/09

SENATE BILL ***152-FN-A-LOCAL***

AN ACT relative to video lottery and table gaming.

SPONSORS: Sen. D'Allesandro, Dist 20; Sen. Morse, Dist 22; Sen. Rausch, Dist 19; Sen. Soucy, Dist 18; Sen. Lasky, Dist 13; Sen. Gilmour, Dist 12; Sen. Woodburn, Dist 1; Sen. Cataldo, Dist 6; Sen. Stiles, Dist 24; Rep. Azarian, Rock 8; Rep. Weyler, Rock 13; Rep. Long, Hills 42; Rep. Theberge, Coos 3; Rep. Pantelakos, Rock 25

COMMITTEE: Ways and Means

AMENDED ANALYSIS

This bill:

I. Allows video lottery machines and table games at one gaming location in the state pursuant to a competitive application process.

II. Distributes proceeds of video lottery machines and table games to the municipalities where the facility is located and abutting communities, to support programs to treat problem gambling, and to the education trust fund. Proceeds will also be distributed for highway and bridge projects, higher education, and north country economic development.

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

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

V. Creates a commission to study the operation of the licensed gaming location and its effects on the community, and to make recommendations that may include whether to issue additional licenses.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Thirteen

AN ACT relative to video lottery and table gaming.

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

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

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

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

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

10 IV. New Hampshire has an interest in ensuring the financial stability and integrity of
11 gaming operations in the state.

12 V. New Hampshire must limit the proliferation of gaming by controlling the number of
13 gaming sites in New Hampshire and choosing gaming sites based on potential for job growth and
14 revenue generation, access to appropriate transportation, suitability for tourism, local resources, and
15 development opportunities.

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

18 2 New Chapter; Video Lottery Machines and Table Games. Amend RSA by inserting after
19 chapter 284-A the following new chapter:

20 CHAPTER 284-B

21 VIDEO LOTTERY MACHINES AND TABLE GAMES

22 284-B:1 Definitions. In this chapter:

23 I. “Affiliated” means a person who directly or indirectly through one or more intermediaries,
24 controls, is controlled by, or is under common control with, a specified person.

25 II. “Applicant” means any person who applies to the lottery commission for a license,
26 certification, registration or qualification under this chapter, and includes any such person.

27 III. “Associated equipment” means any equipment or mechanical, electromechanical, or
28 electronic contrivance, component, or machine used in connection with video lottery machines and/or
29 table gaming, including linking devices, replacement parts, equipment which affects the proper
30 reporting of gross revenue, computerized systems for controlling and monitoring table games,

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1 including, but not limited to, the central computer system, and devices for weighing or counting
2 money.

3 IV. “Cash” means United States currency and coin or foreign currency and coin that have
4 been exchanged for its equivalent in United States currency and coin.

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

7 (a) Travelers checks.

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

9 (c) Personal checks or drafts.

10 (d) Credit extended by the gaming licensee, a recognized credit card company, or a
11 banking institution.

12 (e) Any other instrument that the New Hampshire lottery commission deems a cash
13 equivalent. Other than recognized credit cards or credit extended by the gaming licensee, all
14 instruments that constitute a cash equivalent shall be made payable to the gaming licensee, to the
15 bearer, or to cash. An instrument made payable to a third party shall not be considered a cash
16 equivalent.

17 VI. “Central computer system” means a central monitor and control system provided and
18 monitored by the lottery commission to which video lottery terminals communicate for purposes of
19 information retrieval, retrieval of the win and loss determination from video lottery machines, and
20 programs to activate and disable video lottery machines.

21 VII. “Certificate holder” means a gaming licensee issued a table game operation certificate
22 by the lottery commission to operate the table games at a gaming location.

23 VIII. “Charitable gaming” means games of chance and other gaming as permitted under
24 RSA 287-A, RSA 287-D, and RSA 287-E.

25 IX. “Count room” means the room designated for counting, wrapping, and recording of table
26 game results and storage of cash, coins, tokens, checks, plaques, gaming vouchers, coupons, and
27 other devices or items of value used in wagering and approved by the division that are received in
28 the conduct of gaming and for the inspection, counting and storage of dice, cards, chips and other
29 representatives of value.

30 X. “Gaming” means the operation of video lottery machines and table games.

31 XI. “Gaming applicant” means the person applying for approval by the lottery commission as
32 a gaming licensee.

33 XII. “Gaming employee” means a person employed in the operation of a gaming location
34 whose employment duties and responsibilities involve the security, maintenance, servicing, repair, or
35 operation of video lottery machines or table game devices. Such employees shall include, without
36 limitation, dealers, floorpersons, video lottery machine personnel, video lottery machine technicians,
37 count room and cage personnel, security and surveillance employees, data processing personnel,

1 employees responsible for handling assets and proceeds associated with the operation of gaming
2 activity, and employees that have input into data regarding complimentary services.

3 XIII. “Gaming license” means the license issued to a gaming licensee to operate table games
4 and video lottery machines at a gaming location pursuant to this chapter.

5 XIV. “Gaming licensee” means the person or entity licensed by the lottery commission to
6 possess, conduct, and operate video lottery machines and table games at a gaming location.

7 XV. “Gaming location” means the premises approved under a gaming license which includes
8 the land, buildings, structures, and any portion thereof approved by the lottery commission as the
9 gaming area and any nongaming structure related to the gaming area.

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

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

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

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

16 and

17 (4) Any promotional credits provided to patrons.

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

24 XVII. “Holding company” means any corporation, association, firm, partnership, trust, or
25 other form of business organization not a natural person which, directly or indirectly, owns, has the
26 power or right to control, or has the power to vote any significant part of the outstanding voting
27 securities of a corporation or other form of business organization which holds or applies for a gaming
28 license or technology provider license. For purpose of this section, in addition to any other
29 reasonable meaning of the words used, a “holding company” indirectly has, holds, or owns any such
30 power, right or security if it does so through any interest in a subsidiary or successive subsidiaries,
31 however many such subsidiaries may intervene between the holding company and the gaming
32 licensee or technology provider.

33 XVIII. “Key employee” means any individual who is employed in a director or department
34 head capacity and who is authorized to make discretionary decisions that regulate video lottery
35 machine and/or table game operations, including the general manager and assistant manager of the
36 gaming licensee or technology provider, director of operations, director of table games, director of
37 cage or credit operations, director of surveillance, director of marketing, director of management

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1 information systems, director of security, comptroller, pit bosses, shift bosses, credit supervisors,
2 cashier supervisors, table game facility managers and assistant managers, and any employee who
3 supervises the operations of these departments or to whom these department directors or
4 department heads report, and such other positions which the lottery commission shall determine
5 based on detailed analyses of job descriptions as provided in the internal controls of the licensee. All
6 other gaming employees shall be considered non-key employees.

7 XIX. "Licensee" means any individual or entity required to be licensed pursuant to this
8 chapter.

9 XX. "Lottery commission" or "commission" means the New Hampshire Lottery Commission
10 created pursuant to RSA 284:21-a, including the administration and enforcement bureau of the
11 commission created pursuant to RSA 284-B:2.

12 XXI. "Net machine income" means all cash or other consideration utilized to play a video
13 lottery machine at a gaming location, less all cash or other consideration paid to players of video
14 lottery machines as winnings. Noncashable promotional credits shall be excluded from the
15 calculation.

16 XXII. "Non-key gaming employee" means an employee of a gaming licensee who is not a key
17 employee and is directly connected to the operation or maintenance of a video lottery machine or
18 table game taking place in a gaming location.

19 XXIII. "Progressive jackpot" means a prize that increases over time or as video lottery
20 machines that are linked to a progressive system are played. Upon conditions established by the
21 lottery commission, a progressive jackpot may be paid by annuity.

22 XXIV. "Progressive system" means one or more video lottery machines linked to one or more
23 common progressive jackpots.

24 XXV. "Request for application" means a request for applications to be submitted by
25 applicants to the lottery commission pursuant to RSA 284-B:11.

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

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

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

15 XXVIII. “Table game operation certificate” means a certificate issued by the commission that
16 certifies that the table gaming operation of a gaming licensee conforms to the requirements of this
17 chapter and rules adopted under this chapter and that authorizes a gaming licensee to conduct table
18 games under this chapter.

19 XXIX. “Table game operator” means:

20 (a) “Primary game operator” which means any consultant or any person involved in
21 conducting, managing, supervising, directing, or running the table games at a gaming location and
22 shall include the banker, the auditor, the counter, and persons involved in the cage; or

23 (b) “Secondary game operator” which means any person involved in dealing, running a
24 roulette wheel, or handling chips at a gaming location.

25 XXX. “Technology provider” means any person or entity which designs, manufactures, builds
26 or rebuilds, programs, installs, modifies, distributes, or supplies video lottery machines or table
27 games for sale or lease to the gaming licensees, and which are for use by a gaming licensee for
28 conducting video lottery games or table games in accordance with this chapter.

29 XXXI. “Technology provider license” means the license issued by the lottery commission to a
30 technology provider licensee which allows the technology provider licensee to design, manufacture,
31 install, distribute, or supply video lottery machines and/or table game devices for sale or lease to a
32 gaming licensee.

33 XXXII. “Technology provider licensee” means a technology provider that is licensed by the
34 lottery commission.

35 XXXIII. “Token” means the coin or coupon, which is not legal tender, sold by a cashier in a
36 face amount equal to the cash paid by a player for the sole purpose of playing a video lottery machine
37 at the gaming location or paid to a player of a video lottery machine, which can be exchanged for

1 cash at the gaming location.

2 XXIV. “Video lottery” means any lottery conducted with a video lottery machine or linked
3 video lottery machines with a progressive jackpot or progressive system. Video lottery conducted
4 pursuant to this chapter shall not be considered a state-run lottery.

5 XXXV. “Video lottery machine” means an electronic, mechanical, or computerized machine
6 which, upon the insertion of bills, coins, tokens, or any representative of value is available to be
7 played where, by chance or skill, or both, the player may receive cash, cash equivalents, or tokens.
8 Video lottery machines include, but are not limited to, slot machines, video poker machines, and
9 other lottery machines. A machine shall be considered a video lottery machine notwithstanding the
10 use of an electronic credit system making the deposit of bills, coins, or tokens unnecessary. Video
11 lottery machines shall not include any redemption slot machines and redemption poker machines as
12 defined in RSA 647:2 or video poker machines or other similar machines used for amusement
13 purposes only.

14 284-B:2 Gaming Oversight and Regulation; Lottery Commission; Bureau of Administration and
15 Enforcement.

16 I. The lottery commission shall have general responsibility for the implementation of this
17 chapter. The lottery commission shall have the exclusive authority to license and regulate the
18 installation, operation, and conduct of video lottery machines and table games. The lottery
19 commission shall only issue licenses to persons who operate video lottery machines and table games
20 at a gaming location meeting the requirements of this chapter.

21 II. There shall be established within the lottery commission an administration and
22 enforcement bureau, which shall be the primary enforcement agent for regulatory matters under this
23 chapter. The bureau shall perform such functions as the commissioners may determine from time to
24 time in relation to the administration and enforcement of this chapter, including the enforcement of
25 violations of this chapter. The bureau shall be under the control of the director of administration
26 and enforcement, who shall be appointed by the commissioners and shall report to the executive
27 director of the lottery commission. The director shall be the executive and administrative head of
28 the bureau and shall be responsible for administering the duties of the bureau and any
29 administrative units created within the bureau. The bureau shall cooperate with the attorney
30 general and the gaming enforcement unit of the division of state police in the enforcement of this
31 chapter.

32 284-B:3 Rulemaking.

33 I. The lottery commission shall adopt rules, that include as a minimum guidance from the
34 International Association of Gaming Regulators, under RSA 541-A, relative to:

35 (a) License renewals, and making recommendations for the suspension or revocation of
36 any license issued under this chapter.

37 (b) Conducting all investigations in conjunction with the attorney general required

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1 under this chapter with regard to the application of any applicant for any license.

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

4 (d) Establishing standards for licensure and a reasonable fee structure for the licensing
5 and renewal of licenses for gaming licensees and technology providers consistent with this chapter.

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

9 (f) Establishing a process for verifying the training and experience of non-key gaming
10 employees.

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

14 (h) Prescribing procedures for the fingerprinting of an applicant, key employee, or
15 employee of a licensee, or other methods of identification which may be necessary in the judgment of
16 the lottery commission to accomplish effective enforcement of restrictions to access to the gaming
17 location.

18 (i) Prescribing the manner and procedure of all hearings conducted by the lottery
19 commission or any hearing examiner, including special rules of evidence applicable thereto and
20 notices thereof.

21 (j) Prescribing the method of collection of payments of taxes, fees, and penalties.

22 (k) Defining and limiting the areas of operation, the rules of authorized games, odds, and
23 devices permitted, and the method of operation of such games and devices.

24 (l) Prescribing grounds and procedures for the issuing of sanctions, including but not
25 limited to, the revocation or suspension of licenses.

26 (m) Governing the manufacture, distribution, sale, and servicing of video lottery
27 machines and table game devices and associated equipment.

28 (n) Prescribing minimum procedures for the exercise of effective control over the internal
29 fiscal affairs of a gaming licensee, including provisions for the safeguarding of assets and revenues,
30 the recording of cash and evidence of indebtedness, and the maintenance of reliable records,
31 accounts, and reports of transactions, operations, and events, including reports to the lottery
32 commission.

33 (o) Providing for a minimum standard of accountancy methods, procedures, and forms; a
34 uniform code of accounts and accounting classifications; and such other standard operating
35 procedures as may be necessary to assure consistency, comparability, and effective disclosure of all
36 financial information.

37 (p) Requiring quarterly financial reports and the form thereof, and an annual audit

1 prepared by a certified public accountant licensed to do business in this state, attesting to the
2 financial condition of a licensee and disclosing whether the accounts, records, and control procedures
3 examined are maintained by the licensee as required by this chapter.

4 (q) Governing the gaming-related advertising of gaming licensees and their employees
5 and agents, with the view toward assuring that such advertisements are in no way deceptive and
6 promote the purposes of this chapter; provided, however, that such rules shall require the words “Bet
7 with your head, not over it,” or some comparable language approved by the lottery commission, to
8 appear on all billboards, signs, and other on-site advertising of a licensee operation and shall require
9 the words “If you or someone you know has a gambling problem and wants help, call 1-800-
10 GAMBLER,” or some comparable language approved by the lottery commission, provided such
11 language shall include the words “gambling problem” and “call 1-800-GAMBLER,” which shall
12 appear legibly on all print, billboard, and sign advertising of a gaming location.

13 (r) Providing for the establishment and maintenance by the lottery commission of a list
14 of persons who are to be excluded or ejected from any gaming location, because the person’s criminal
15 background or presence in a gaming location would be, in the opinion of the lottery commission,
16 inimical to the interests of the state, including standards relating to persons to be excluded, and
17 providing for a self-exclusion program to be established by gaming licensees, whereby persons who
18 are problem gamblers can be excluded or ejected from a gaming location.

19 (s) Establishing the licensing process and approval process for selecting the provider of
20 the central computer system.

21 (t) Regulating the operation of table games consistent with RSA 284-B:19, including
22 requiring proper accountability controls to ensure game integrity.

23 II. Notwithstanding any law to the contrary, the lottery commission shall initiate the
24 licensing process within 60 days of the effective date of this chapter as provided in RSA 284-B:11 and
25 subject to standards set forth in this chapter. The lottery commission shall adopt rules pursuant to
26 paragraph I no later than June 1, 2014.

27 284-B:4 Duties and Authority of the Lottery Commission.

28 I. The lottery commission, with the assistance and cooperation of the attorney general and
29 the division of state police gaming enforcement unit, shall administer and enforce the provisions of
30 this chapter.

31 II. The lottery commission shall have the authority to request any and all records
32 maintained by local, municipal, state, or federal agencies relative to gaming applicants or gaming
33 licensees.

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

36 IV. The lottery commission shall:

37 (a) Collect all license fees imposed upon any applicant and all taxes imposed by

1 RSA 284-B.

2 (b) Certify net machine income and gross table game revenue by inspecting records,
3 conducting audits, or having its agents on site, or by any other reasonable means.

4 (c) Require gaming licensees to submit all contracts for services where the annual
5 amount to be expended by the gaming licensee is over \$500,000 to the lottery commission, and
6 provide any further information to the lottery commission regarding vendors and suppliers as is
7 requested.

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

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

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

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

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

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

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

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

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

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

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

33 (f) Require all holders of licenses issued by the lottery commission pursuant to RSA 284-
34 B to comply with any exclusion program established by the lottery commission and maintained
35 pursuant to RSA 284-B:3, II(v) and to establish and implement a self-exclusion program whereby a
36 person who acknowledges that he or she is a problem gambler and who requests to be placed on a
37 self-exclusion list shall be excluded or ejected from a licensed facility.

1 V.(a) The lottery commission shall establish a code of ethics for all commissioners and
2 employees of the lottery commission. A copy of the code shall be filed with the attorney general’s
3 office. The code shall include provisions reasonably necessary to carry out the purposes of this
4 chapter and any other laws subject to the jurisdiction of the commission including, but not limited to:

5 (1) Prohibiting the receipt of any discount, gift, gratuity, compensation, travel,
6 lodging, or other thing of value, directly or indirectly, by commissioners and employees from any
7 gaming licensee or gaming vendor licensee or applicant or other person subject to the jurisdiction of
8 the commission;

9 (2) Prohibiting the participation by commissioners and employees in a particular
10 matter that affects the financial interest of the commissioner or employee or of a relative of the
11 commissioner or employee;

12 (3) Providing for recusal of a commissioner in a licensing decision due to a potential
13 conflict of interest; and

14 (4) Prohibiting the solicitation of funds for any charitable, educational, religious,
15 health, fraternal, civic, or other nonprofit entity from any gaming licensee or gaming vendor licensee
16 or applicant or other person subject to the jurisdiction of the commission.

17 (b) Immediately upon assuming office, each commissioner and employee of the
18 commission, except for secretarial and clerical personnel, shall swear or affirm that the
19 commissioner or employee possesses no interest in a person licensed under this chapter. No
20 individual shall be employed by the commission if, during the period commencing 3 years prior to
21 employment, that individual held any direct or indirect interest in, or was employed by, a licensee
22 under this chapter. No commissioner shall hold a direct or indirect interest in, or be employed by, an
23 applicant or by a person licensed by the commission for a period of 3 years after the termination of
24 employment with the commission.

25 (c) No employee of the commission holding a major policymaking position shall acquire
26 an interest in, or accept employment with, an applicant or licensee for a period of 2 years after the
27 termination of employment with the commission.

28 (d) No employee of the commission in a non-major policymaking position shall acquire
29 an interest in, or accept employment with, an applicant or licensee for a period of one year after the
30 termination of employment with the commission.

31 (e) Notwithstanding the provisions of subparagraphs (a)-(d), if the employment of a
32 commission employee holding a major policymaking position at any time during the 5 years
33 preceding a termination, is terminated as a result of a reduction in the workforce of the commission,
34 the employee may, after one year following the termination of employment with the commission,
35 accept employment with any applicant or person licensed under this chapter upon application to and
36 the approval of the commission, upon a finding that the employment will not create the appearance
37 of a conflict of interest and does not evidence a conflict of interest in fact. The commission shall act

1 upon an application within 30 days of receipt and the application may be submitted to the
2 commission prior to or after commencement of the employment.

3 (f) No commissioner or employee, other than in the performance of the commissioner's or
4 employee's official duties, shall place a wager in a gaming location. The commissioners and those
5 employees holding major policymaking positions shall be sworn to the faithful performance of their
6 official duties. The commissioners and those employees holding major policymaking positions shall:

7 (1) Conduct themselves in a manner so as to render decisions that are fair and
8 impartial and in the public interest;

9 (2) Avoid impropriety and the appearance of impropriety in all matters under their
10 jurisdiction;

11 (3) Avoid all prohibited communications;

12 (4) Require staff and personnel subject to their direction and control to observe the
13 same standards of fidelity and diligence;

14 (5) Disqualify themselves from proceedings in which their impartiality might
15 reasonably be questioned; and

16 (6) Refrain from financial or business dealings which would tend to reflect adversely
17 on impartiality.

18 (g) The commissioners and employees shall not own, or be in the employ of, or own any
19 stock in, a business which holds a license under this chapter, nor shall they have, directly or
20 indirectly, a pecuniary interest in, or be connected with, any such business or be in the employ of or
21 connected with any person financing any such business; provided, however, that immediate family
22 members of commissioners and employees holding major policymaking positions shall not own, or be
23 in the employ of, or own stock in, any business which holds a license under this chapter. The
24 commissioners and employees shall not personally, or through a partner or agent, render
25 professional services or make or perform any business contract with or for any regulated entity,
26 except contracts made with the commissioners for the furnishing of services, nor shall the
27 commissioners or employees directly or indirectly receive any commission, bonus, discount, gift, or
28 reward from a regulated entity.

29 284-B:5 Central Computer System.

30 I. The lottery commission shall provide and operate a central computer system into which all
31 licensed video lottery machines shall be connected.

32 II. The central computer system shall be capable of:

33 (a) Continuously monitoring, retrieving, and auditing the operations, financial data, and
34 program information of all video lottery machines;

35 (b) Allowing the lottery commission to account for all money inserted in and payouts
36 made from any video lottery machine;

37 (c) Disabling from operation or play any video lottery machine as the lottery commission

1 deems necessary to carry out the provisions of this chapter;

2 (d) Supporting and monitoring a progressive jackpot system capable of operating one or
3 more progressive jackpots; and

4 (e) Providing any other function that the lottery commission considers necessary.

5 III. The central computer system shall employ a widely accepted gaming industry
6 communications protocol, as approved by the Gaming Standards Association, to facilitate the ability
7 of video lottery machine manufacturers to communicate with the central computer system.

8 IV.(a) Except as provided in subparagraph (b), the lottery commission shall not allow a
9 gaming licensee to have access to, or obtain information from, the central computer system.

10 (b) If the access does not in any way affect the integrity or security of the central
11 computer system, the lottery commission may allow a gaming licensee to have access to the central
12 computer system that allows the licensee to obtain information pertinent to the legitimate operation
13 of its video lottery machines.

14 284-B:6 Records; Confidentiality.

15 I. The lottery commission shall keep and maintain a list of all applicants for licenses it
16 receives under this chapter, together with a record of all action taken with respect to such
17 applicants. Except as provided in paragraph IV, a file, including the criminal records of each
18 applicant, its officers, directors, partners, members, shareholders, and key employees, and record of
19 the actions of the lottery commission shall be open to public inspection; provided, however, that
20 information regarding any applicant whose license or registration has been denied, revoked, or not
21 renewed shall be removed from the list after 5 years from the date of such action.

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

28 III. The lottery commission shall maintain such other files and records as the commission
29 determines are necessary. All records maintained by the lottery commission may be maintained in
30 digital or other format, provided that such information can be produced in written form upon the
31 request of the commission.

32 IV. All personal and financial proprietary information and data of an applicant, its officers,
33 directors, partners, members, shareholders, or key employees, other than their criminal records,
34 required by the lottery commission to be furnished to it, or which may otherwise be obtained, shall
35 be considered confidential and shall not be disclosed in whole or in part except in the course of the
36 necessary administration of this chapter, or upon the lawful order of a court of competent
37 jurisdiction, or, with the approval of the attorney general, to a duly authorized law enforcement

1 agency. Notwithstanding this paragraph, the state police may share information with the lottery
2 commission and the attorney general as is appropriate under this chapter.

3 V. All records, information, or data maintained or kept by the lottery commission may be
4 maintained or kept at the office of the gaming enforcement unit.

5 VI. Notice of the contents of any information or data to be released consistent with
6 paragraph IV, except to a duly authorized law enforcement agency, shall be given to any applicant or
7 licensee in a manner prescribed by the rules adopted by the lottery commission so that the applicant
8 or licensee has the opportunity to object to such release.

9 VII. With regard to meetings, minutes, and records of the lottery commission, the lottery
10 commission shall notice all proceedings and shall make and keep a record of all proceedings held at
11 public meetings of the lottery commission. A verbatim transcript of those proceedings shall be
12 prepared by the lottery commission upon the request of any commissioner or upon the request of any
13 other person and the payment by that person of the costs of preparation. A copy of the transcript
14 shall be made available to any person upon request and payment of the costs of preparing the copy.

15 284-B:7 Employees and Contractors.

16 I. The lottery commission, the attorney general, or the division of state police gaming
17 enforcement unit may from time to time contract for such financial, economic, or security
18 consultants, and any other technical and professional services as it deems necessary for the
19 discharge of its duties.

20 II. The lottery commission may employ certain assistants, and contract with certain
21 individuals or entities experienced in the regulation of gaming to carry out the provisions of this
22 section and RSA 284-B. Such assistants and employees shall receive compensation at rates to be
23 established by the department of administrative services, division of personnel.

24 III. Compensation of assistants, employees, and contractors shall be funded by proceeds paid
25 or received by the lottery commission pursuant to RSA 284-B.

26 IV. No employee or contractor of the lottery commission shall have any pecuniary or other
27 interest whatsoever in any supplier or agent to the commission or in any gaming location or license
28 licensed under RSA 284-B and shall be subject to the code of ethics established by the lottery
29 commission pursuant to RSA 284-B:4, V.

30 284-B:8 Annual Report. No later than November 1 of each calendar year, the lottery
31 commission shall provide a report to the fiscal committee of the general court regarding the
32 generation of revenues of video lottery machines and table games by licensees.

33 284-B:9 Number of Gaming Licenses. The lottery commission shall review, select, and grant a
34 license for one gaming location. The gaming licensee shall operate no more than 150 table games
35 under RSA 284-B:12 and no more than 5,000 video lottery machines at its gaming location.

36 284-B:10 Procedures for Adoption by Local Community.

37 I. Any municipality in which a gaming location is or proposes to be situated may adopt the

1 provisions of RSA 284-B to allow the operation of video lottery machines and table games at a
2 specific location in the following manner:

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

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

15 (c) In any unincorporated place, and notwithstanding any other provision of law to the
16 contrary, upon the request of a gaming applicant to authorize the operation of video lottery machines
17 and table games at a specific location within the unincorporated place to either the moderator of the
18 unincorporated place if the unincorporated place is organized to vote pursuant to RSA 668:1, or the
19 clerk of the designated town if the unincorporated place is not organized for voting as provided in
20 RSA 668:2, and the moderator or the clerk shall place the question on the ballot to be voted upon at
21 the next regularly scheduled biennial election. The ballot shall be given to the individuals who are
22 domiciled in such unincorporated place who are registered to vote.

23 (d) If a majority of those voting on the question vote “Yes,” RSA 284-B shall apply in
24 such town or city and the operation of video lottery machines and table games shall be permitted at a
25 specific location within such town, city, or unincorporated place in accordance with RSA 284-B. If a
26 majority of those voting on the question vote “No” the question may be voted on at a subsequent time
27 in accordance with this section provided, however, the town may consider the question at no more
28 than one special meeting and the annual town meeting in the same calendar year after a “No” vote.
29 A city or town subject to subparagraph (b) may consider the question at no more than one special
30 election and a regular municipal or biennial election in the same calendar year after a “No” vote.

31 (e) The wording of the question shall be substantially as follows: “Shall we adopt the
32 provisions of RSA 284-B allowing the operation of video lottery machines and table games at [insert
33 the name of the proposed gaming location] located within the [insert name of town, city, or
34 unincorporated place]”?

35 II. When a gaming licensee requests a town, city, or unincorporated place to act under
36 paragraph I, the gaming licensee shall pay all costs associated with carrying out the actions under
37 this section.

1 284-B:11 Schedule for License Applications; Requests for Application.

2 I. In order to facilitate the timely and orderly deployment of licensed gaming operations in
3 New Hampshire, the lottery commission shall adopt a schedule by which applications for gaming
4 licenses and technology provider licenses shall be accepted, reviewed, granted, or denied in
5 accordance with the provisions of this section.

6 II. The lottery commission shall issue a request for applications for a gaming license
7 pursuant to the process set forth in this section. The lottery commission shall approve, approve with
8 conditions, or deny all applications submitted, in accordance with the provisions of this chapter. The
9 request for applications shall be issued within 60 days of the effective date of this chapter pursuant
10 to RSA 284-B:3, II. The requests for applications shall require all applications to be submitted
11 within 90 days of the publication of the request. Applications received after the deadline shall not be
12 reviewed by the lottery commission.

13 III. Requests for applications pursuant to paragraph II of this section shall be advertised in
14 a newspaper of general circulation in the state and on the official internet website of the lottery
15 commission.

16 284-B:12 Gaming License Applications; Requirements.

17 I. A gaming applicant shall obtain a gaming license from the lottery commission to possess,
18 conduct, and operate video lottery machines and table games as follows:

19 (a) An applicant shall complete and sign an application on forms, in a manner and
20 providing the information prescribed by the lottery commission.

21 (b) The applicant shall include in the application any and all information requested by
22 the lottery commission, including but not limited to, information regarding:

23 (1) The applicant's criminal history background including authorization for a
24 criminal background and records check, and an attested disclosure of all arrests and citations for
25 nontraffic offenses;

26 (2) Civil judgments against the applicant during the past 15 years;

27 (3) The applicant's financial affairs, including evidence of financial stability as
28 documented by bank references, business and personal income and disbursement schedules, tax
29 returns and other reports filed by government agencies, business and personal accounting check
30 records and ledgers and other relevant source documents. The lottery commission may require
31 evidence of the financial affairs to be provided on a multi-jurisdictional personal history disclosure
32 form;

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

35 (5) If a corporation or other form of business enterprise, the information listed in
36 subparagraphs (b)(1)-(4) shall be provided with respect to each partner, trustee, officer, and director,
37 and any shareholder, limited liability company member, or other holder who owns more than 10

1 percent of the legal or beneficial interests of such entity, as well as the name of the state under the
2 laws of which the corporation or business enterprise is formed or incorporated and the location of its
3 principal place of business;

4 (6) The identity of the owners of the gaming location, if other than the applicant,
5 along with information listed in subparagraphs (b)(1)-(4) shall be provided with respect to each
6 owner, partner, principal, trustee, officer, and director, and any shareholder, limited liability
7 company member, or other holder who owns more than 10 percent of the legal or beneficial interest
8 of such gaming location. If the owner of the gaming location is not an affiliate of the applicant, the
9 applicant shall also submit a copy of the proposed lease agreement and executed letter of intent to
10 operate between the owner of the gaming location and the applicant;

11 (7) Information and documentation demonstrating by clear and convincing evidence
12 the applicant's financial stability including, but not limited to, bank references, business and
13 personal income and disbursement schedules, tax returns and other reports filed by government
14 agencies and business and personal accounting check records and ledgers. The applicant shall
15 include with its application the disclosure of all contributions, donations, loans or any other financial
16 transactions to or from the applicant and any affiliated gaming entity or operator in the past 5 years;
17 and

18 (8) Information and documentation demonstrating by clear and convincing evidence
19 that the applicant has sufficient business ability and experience to establish and maintain successful
20 gaming operations, including, but not limited to, information demonstrating the experience of the
21 applicant in developing, constructing, and managing a similar gaming enterprise. If the applicant or
22 any principal has held or holds a gaming or video lottery machine license in a jurisdiction where
23 video lottery machine activities are permitted, the applicant shall so state and shall produce either a
24 letter of reference from the gaming or lottery enforcement or control agency in such jurisdiction
25 which sets forth the experience of that agency with the applicant, the applicant's associates and
26 gaming operations, or a statement under oath that the applicant is or was during the period of
27 licensure conducting gaming activities in good standing with the agency.

28 (c) The application shall be accompanied by a complete description of the proposed
29 project and include the following:

30 (1) A complete description of the gaming location, including the designs for the
31 proposed gaming establishment, the names and addresses of the architects, engineers, and
32 designers, a timeline of construction that includes detailed stages of construction for the gaming
33 establishment, non-gaming structures, and racecourse, where applicable, and a description of the
34 ability of the applicant to comply with statutory, regulatory, and technical standards applicable to
35 the design of the proposed gaming location;

36 (2) Identification of the type and number of video lottery machines, and type and
37 number of table games, and the specific location of the games in the proposed gaming establishment

1 consistent with this chapter;

2 (3) The availability of space in the facility and proposed details of the space for
3 charitable gaming to take place under RSA 287-D;

4 (4) The names, and verified good character and integrity of proposed vendors of
5 gaming equipment;

6 (5) A description of the supporting amenities and ancillary entertainment services to
7 be provided at the proposed gaming establishment, including the number of hotels and rooms, if any,
8 restaurants and other amenities located at the proposed gaming establishment and how they
9 measure in quality to other area amenities;

10 (6) The number of employees to be employed at the proposed gaming establishment,
11 including detailed information on the projected pay rate and benefits for employees;

12 (7) The site of the proposed gaming location, which shall include the address, maps,
13 book and page numbers from the appropriate registry of deeds, assessed value of the land at the time
14 of application, and identification of all interests, options and agreements in the gaming location; and

15 (8) Information regarding the minimum total capital investment required pursuant
16 to RSA 284-B:12, II.

17 (d) The application shall include evidence in the form of completed studies and/or reports
18 required by the commission to demonstrate how the proposed project meets the following criteria:

19 (1) The availability of local resources to support services and amenities necessary to
20 accommodate projected guest volume in the form of transportation, regional geography, work force
21 demographics, rooms and meals, utilities, and law enforcement;

22 (2) The immediate and long range financial feasibility of the applicant's proposed
23 project including a projection of the revenues to be produced by the operation of the video lottery
24 machines and table games at the gaming location, the ability to achieve positive gross operating
25 profit on an annual basis in a specific time frame, and the estimated municipal and state tax
26 revenue to be generated by the gaming location, as supported by an expert experienced in the field of
27 gaming;

28 (3) Economic benefits to the region and the state from the project, including the
29 ability of the applicant's proposed gaming location to provide new and sustainable jobs for the
30 community;

31 (4) The accessibility of the proposed gaming location to public access and public
32 highway infrastructures;

33 (5) The suitability of the proposed gaming location and facility design for tourism
34 and development, including evidence the development of the gaming location is compatible with
35 historic uses, regional branding, local zoning ordinances, and an explanation of anticipated
36 commercial development opportunities for the community; and

37 (6) The impact on the local and regional community, including:

1 (A) Impact on the local and regional economies, including but not limited to,
2 cultural institutions and small businesses in the host community and surrounding communities; and

3 (B) Costs and benefits to the host and surrounding communities in the form of
4 jobs, revenues, business development, and social issues associated with the gaming location.

5 (e) The applicant shall provide a licensing fee payment bond, letter of credit, or guaranty
6 of private equity or other funds with demonstrated cash and reserve availability supporting the
7 applicant's ability to pay the licensing fee.

8 (f) The applicant shall provide detailed information regarding its proposed system of
9 internal security and accounting controls.

10 (g) The application shall be accompanied by a petition for a table game operation
11 certificate consistent with RSA 284-B:19.

12 (h) The applicant shall obtain local approval of the municipality in which the project is
13 proposed by local referendum consistent with RSA 284-B:10.

14 II.(a) The applicant shall agree to make a minimum capital investment in the project in an
15 amount determined by the commission; provided that such capital investment shall be not less than
16 \$425,000,000.

17 (b) For purposes of this paragraph, the required capital investment shall include the
18 license fee required to be paid pursuant to RSA 284-B:13, all gaming areas and other amenities
19 proposed in the application, the purchase or lease price of land where the gaming facility will be
20 located and any infrastructure designed to support the site, including, but not limited to, drainage,
21 utility support, roadways, interchanges, fill and soil or groundwater or surface water contamination
22 issues; provided, however, that any infrastructure improvements necessary to increase visitor
23 capacity and account for traffic mitigation shall not be considered part of the required capital
24 investment and, as determined by the commission, shall be completed before the licensee shall be
25 authorized to commence operations. The investment required under this paragraph shall be made
26 within 5 years after receiving a gaming license.

27 III. Every application shall contain the information required pursuant to RSA 284-B:12 and
28 such information the lottery commission requests or requires by rule.

29 284-B:13 Gaming License Application Fees; Initial License Fees; Renewal Fees.

30 I. The lottery commission shall impose a nonrefundable application fee of \$500,000 on all
31 applicants submitting an application for a gaming license which shall be used to defray the cost of
32 processing and reviewing the application. If the cost of processing and reviewing the application
33 exceeds the \$500,000 application fee, the applicant shall pay the difference to the lottery commission
34 within 15 days of receiving a detailed invoice.

35 II. The attorney general shall impose a nonrefundable investigation fee of \$100,000 on all
36 applicants for a gaming license which shall be used to defray the cost of the background
37 investigation. If the cost of the background investigation exceeds the \$100,000 applicable amount,

1 the applicant shall pay the difference to the attorney general within 15 days of receiving a detailed
2 invoice.

3 III. Upon approval of a gaming license, the lottery commission shall charge an initial license
4 fee of \$80,000,000 which shall be deposited into the fund established by RSA 284:21-j. The amount
5 deposited shall be available to the state in the fiscal year received. A gaming license shall expire
6 after 10 years, subject to renewal pursuant to RSA 284-B:18, I. The lottery commission shall charge
7 a license renewal fee of \$1,500,000 to renew a gaming license; however, the person seeking renewal
8 of a gaming license shall pay all costs incurred by the attorney general to conduct an investigation
9 with regard to such application to renew the gaming license.

10 284-B:14 Gaming License Applications; Lottery Commission Completeness Review; Attorney
11 General Background Review.

12 I. The lottery commission shall be available to provide technical assistance to any applicant
13 submitting an application in response to a request for applications.

14 II.(a) The lottery commission shall examine every application for form and completeness,
15 and the information required by RSA 284-B as well as any specifications and standards outlined in
16 the request for application. All applications and accompanying submissions shall be maintained as
17 confidential during completeness review.

18 (b) If an application is determined incomplete by the lottery commission, the lottery
19 commission shall provide a first notification of incompleteness to the applicant by certified mail
20 within 30 days of receipt of the application. Such first notification of incompleteness shall include a
21 full explanation of the reasons for incompleteness. If no first notification of incompleteness is made
22 by the lottery commission within such 30-day period, the application shall be considered complete
23 and the applicant shall be notified by certified mail.

24 (c) The applicant shall provide any required additional information within 15 business
25 days of receipt of the first notification of incompleteness. The applicant shall not provide more than
26 the required additional information. The lottery commission shall review the additional information
27 submitted by the applicant; and, if satisfactory, the application shall be considered complete and the
28 applicant shall be notified by certified mail.

29 (d) If the application is still determined to be incomplete, the commission shall provide a
30 second notification of incompleteness to the applicant by certified mail within 10 business days of
31 receipt of the additional information.

32 (e) The applicant shall provide any required additional information within 10 business
33 days of receipt of the second notification of incompleteness. The applicant shall not provide more
34 than the required additional information. The lottery commission shall review the additional
35 information submitted by the applicant, and, if satisfactory, the application shall be considered
36 complete and the applicant shall be notified by certified mail.

37 (f) If the application is still found to be incomplete, the lottery commission shall provide

1 a third and final notification of incompleteness to the applicant by certified mail within 5 business
2 days of receipt of the additional information. The applicant shall provide the required additional
3 information within 3 business days of receipt of the third and final notification of incompleteness.
4 The applicant shall not provide more than the required additional information.

5 (g) Within 2 business days of the receipt of any information submitted pursuant to the
6 third and final notification of incompleteness, the lottery commission shall review the additional
7 information submitted by the applicant and notify the applicant whether the application is complete.

8 (h) An applicant whose application is incomplete and who fails to provide the additional
9 required information within the applicable time period specified shall be deemed to have withdrawn
10 its application and to have waived any right to have the application reviewed.

11 (i) An applicant may withdraw an application at any time thereby terminating the
12 review process and waiving any right to have its application reviewed.

13 (j) The lottery commission shall require the applicant who has been notified of a
14 complete application to proceed to a background review by the attorney general pursuant to
15 paragraph III.

16 III.(a) Upon receipt of a complete application from a gaming applicant, the lottery
17 commission shall request that the attorney general conduct a background review, and the attorney
18 general shall conduct a background review of a gaming applicant and its principals, owners, and key
19 employees. The background review may be conducted through any appropriate state or federal law
20 enforcement system and the authorized reviewers may seek information as to the subject's financial,
21 criminal, or business background, or any other information which the attorney general, in his or her
22 sole discretion, may find relevant to the subject's fitness to be associated with the ownership or
23 management of gaming in New Hampshire, including, but not limited to, the subject's character,
24 personal associations, and the extent to which the subject is properly doing business in the manner
25 in which it purports to operate. If the applicant is a pari-mutuel licensee licensed and authorized to
26 conduct racing, whether live, simulcast, or both, as provided in RSA 284:16 or RSA 284:16-a at a
27 pari-mutuel licensee location, and the attorney general has conducted a background investigation
28 pursuant to RSA 284:15-b within the 12 months prior to the application filing, the attorney general
29 may rely on the results of the previous investigation to the extent the applicant's circumstances have
30 not materially changed. The attorney general shall also take into consideration as evidence of
31 fitness a letter of reference or sworn statement of good standing produced pursuant to RSA 284-B:12,
32 I(b)(8).

33 (b) The attorney general shall report the results of the background review to the lottery
34 commission within a reasonable time, not to exceed 120 days unless a request for additional time has
35 been granted by the lottery commission for good cause. At a minimum, the attorney general's report
36 shall state whether or not in his or her opinion each of the persons subjected to the background
37 review is fit to be associated with the ownership or management of gaming in New Hampshire.

1 Notwithstanding any other law to the contrary, the information provided to the attorney general and
2 the results of the attorney general’s background review shall be confidential and shall not be subject
3 to disclosure or to public inspection, except that the attorney general, in the attorney general’s sole
4 discretion, shall determine the extent to which and the manner in which said results may be
5 reported to the lottery commission or other state agency or official and, if reported, whether such
6 results are to retain their confidential character.

7 (c) The attorney general may on his or her motion conduct a background review into the
8 background of the gaming applicant or gaming licensee, key employee, or any person or entity upon
9 whom the gaming applicant or gaming licensee relies for financial support.

10 (d) In any background review conducted pursuant to subparagraph (a) or subparagraph
11 (c), the attorney general or any duly authorized member of the attorney general’s staff may require
12 by subpoena or otherwise the attendance of witnesses and the production of such correspondence,
13 documents, books, and papers as he or she deems advisable, and for purposes of this section, may
14 administer oaths and take the testimony of witnesses.

15 284-B:15 Gaming License Determinations.

16 I. If there is only one complete application pending for a gaming license, then upon receipt of
17 the report of the attorney general on the gaming applicant’s fitness for gaming, the lottery
18 commission shall make a determination as to whether the gaming applicant demonstrates it meets
19 the standards for licensure in RSA 284-B:17. The lottery commission shall make such determination
20 within 60 days of receiving the report of the attorney general. Such a determination shall be made
21 by majority vote of eligible commission members. Any commission member who has a personal or
22 business conflict with any application shall not vote on such application. The decision shall be in the
23 form of an approval, denial, or an approval with conditions.

24 II. If there is more than one complete application pending for a gaming license, the lottery
25 commission shall consider competing applicants in relationship to each other. Within 30 days of
26 receiving all of the attorney general’s reports on the competing applicants pursuant to RSA 284-B:14,
27 III, the lottery commission shall schedule and conduct a hearing pursuant to the process set forth in
28 RSA 541-A regarding adjudicative proceedings. Competing applicants shall serve prehearing
29 memoranda as prescribed by the lottery commission which shall include at a minimum a summary of
30 evidence each applicant intends to present in support of its application for licensure. Competing
31 applications shall be heard separately by the lottery commission at one hearing. There will be no
32 right for an applicant to cross-examine witnesses of a competing applicant. Upon conclusion of the
33 hearing, based on the evidence submitted, the lottery commission shall determine which applicant
34 demonstrates superiority in meeting the standards in RSA 284-B:17. Such a determination shall be
35 made by majority vote of eligible commission members. Any commission member who has a
36 personal or business conflict with any application shall not vote on any of the competing
37 applications. With respect to the applicant determined to demonstrate superiority in meeting the

1 standards in RSA 284-B:17, the decision shall be in the form of an approval or approval with
2 conditions. With respect to the other competing applicants the decision shall be in the form of a
3 denial.

4 III. No gaming applicant who withdraws an application or is denied approval by the lottery
5 commission shall be prevented from responding to subsequent requests for applications.

6 IV. A decision of the lottery commission approving the application is a final, binding, non-
7 appealable determination which is not subject to legal challenge except by a competing applicant
8 whose application was denied consistent with RSA 284-B:15, III. Applicants may appeal the denial
9 of a license to the New Hampshire supreme court, pursuant to RSA 541. Such appeal shall be filed
10 with the clerk of the supreme court within 5 days after the lottery commission has denied any
11 request for reconsideration. Such appeal shall be limited to questions of law. Findings of fact made
12 by the commission shall be final. The supreme court may hold a special session to consider such
13 appeal if it considers such action necessary.

14 284-B:16 Technology Provider Licensee Applications. A technology provider licensee applicant
15 shall obtain a technology provider license from the lottery commission, as follows:

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

18 II. The applicant shall include information regarding:

19 (a) The applicant's criminal history background including authorization for a criminal
20 background and records check, and an attested disclosure of all arrests and citations for nontraffic
21 offenses;

22 (b) Civil judgments;

23 (c) Financial affairs using a multi-jurisdictional personal history disclosure form;

24 (d) The full name, address, date of birth, and other personal identifying information of
25 the applicant and all key employees; and

26 (e) If the applicant is a corporation or other form of business enterprise, the same
27 information shall be provided with respect to each partner, trustee, officer, director, and any
28 shareholder or other holder who owns more than 10 percent of the legal or beneficial interests of
29 such entity.

30 III. If the applicant or any owner has held or holds a technology provider, manufacturer, or
31 supplier's license in a jurisdiction where video lottery machine activities are permitted, the applicant
32 shall so state and may produce either a letter of reference from the gaming or lottery enforcement or
33 control agency in such jurisdiction which sets forth the experience of that agency with the applicant,
34 the applicant's associates, and gaming operation, or a statement under oath that the applicant is or
35 was during the period the activities were conducted in good standing with the agency.

36 IV.(a) Upon receipt of a complete application from a technology provider applicant the
37 lottery commission shall request that the attorney general conduct a background review, and the

1 attorney general shall conduct a background review of each technology provider applicant and any of
2 its owners and key employees. The review may be conducted through any appropriate state or
3 federal law enforcement system and may seek information as to the subject's financial, criminal, or
4 business background, or any other information which the attorney general, in his or her sole
5 discretion, may find relevant to the subject's fitness to be associated with the distribution of video
6 lottery machines, table game devices, or associated equipment in New Hampshire, including, but not
7 limited to, the subject's character, personal associations, and the extent to which the subject is
8 properly doing business in the manner in which it purports to operate. The attorney general shall
9 take into consideration as evidence of fitness a letter of reference or sworn statement of good
10 standing.

11 (b) The attorney general shall report the results of the review to the lottery commission
12 within a reasonable time not to exceed 120 days unless a request for additional time has been
13 granted by the lottery commission for good cause. Whenever the attorney general conducts such a
14 review, the attorney general shall notify the lottery commission whether or not in his or her opinion
15 such person is fit to be associated with the distribution of video lottery machines in this state.
16 Notwithstanding any other law to the contrary, the information provided to the attorney general and
17 the results of any such review shall be confidential and shall not be subject to disclosure or to public
18 inspection, except that the attorney general, in the attorney general's sole discretion, shall determine
19 the extent to which and the manner in which said results may be reported to the lottery commission
20 or other state agency or official and, if reported, whether such results are to retain their confidential
21 character.

22 (c) The attorney general may conduct a background review on the attorney general's
23 motion into the background of the technology provider applicant or licensee, or any person or entity
24 upon whom the technology provider applicant or licensee relies for financial support.

25 V. In any review conducted pursuant to paragraph IV, the attorney general or any duly
26 authorized member of the attorney general's staff may require by subpoena or otherwise the
27 attendance of witnesses and the production of such correspondence, documents, books, and papers as
28 he or she deems advisable, and for purposes of this section, may administer oaths and take the
29 testimony of witnesses.

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

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

36 (c) Upon approval of a technology provider licensee, the lottery commission shall charge
37 an initial license fee of \$50,000. Licenses shall expire after 5 years. The lottery commission shall

1 charge a fee of \$50,000 to renew a license to a technology provider licensee provided, however, such
2 person seeking renewal of its license shall pay all costs incurred by the attorney general to conduct
3 an investigation with regard to such application to renew the technology provider's license.

4 284-B:17 Licensure Requirements for All Licenses.

5 I. No license shall be issued by the lottery commission unless the applicant demonstrates it
6 meets the standards set forth in this section. The lottery commission shall consider the applicant's
7 ability to meet the criteria set forth in this section based upon the application submitted pursuant to
8 RSA 284-B:12 or RSA 284-B:16, as applicable, the evidence submitted during a hearing conducted
9 pursuant to RSA 284-B:15, as applicable, the attorney general's report delivered pursuant to
10 RSA 284-B:14 and any letter of reference or sworn statement of good standing from the gaming or
11 lottery enforcement or control agency in any jurisdiction where the applicant has held or holds a
12 gaming license.

13 II. The applicant shall demonstrate the following:

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

18 (b) The trustworthiness of all financial backers, investors, mortgagees, bondholders, and
19 holders of indentures, notes, and other evidences of indebtedness of the applicant, its affiliated
20 persons, subsidiaries, or holding companies that bears a relation to the application.

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

25 (d) The likelihood that the applicant can establish and maintain a successful and
26 efficient operation (including, without limitation, by demonstrating that the applicant meets the
27 criteria specified in RSA 284-B:12, I(d).

28 III. The lottery commission shall not issue a license to any applicant unless the applicant
29 proves that each owner, director, officer, and key employee of the applicant, its principals,
30 subsidiaries, and affiliated entities is fit for gaming based upon the attorney general's review
31 conducted pursuant to RSA 284-B:14 or RSA 284-B:16, as applicable. The lottery commission may
32 waive the requirements of this section for a person directly or indirectly holding ownership of
33 securities in a publicly traded corporation if the board determines that the holder of the securities is
34 not significantly involved in the activities of the corporation and does not have the ability to control
35 the corporation or elect one or more directors thereof. The lottery commission may determine
36 whether the licensing standards of another jurisdiction within the United States or Canada in which
37 an applicant, its affiliated entity, intermediary, subsidiary, or holding company for a gaming license

1 or technology provider license is similarly licensed are comprehensive and thorough and provide
2 similar adequate safeguards as those required by this chapter. If the lottery commission makes that
3 determination, it may determine that the gaming applicant or technology provider meets the
4 standards set forth in RSA 284-B:17, II, if an applicant holds a similar license in such other
5 jurisdiction after conducting an evaluation of the information relating to the applicant from such
6 other jurisdiction, as updated by the lottery commission, and evaluating other information related to
7 the applicant received from that jurisdiction and other jurisdictions where the applicant may be
8 licensed. The lottery commission may incorporate such information, in whole or in part, into its or
9 the attorney general's evaluation of the applicant.

10 IV. The lottery commission shall not issue a license to any applicant if the applicant, any
11 key employee, or any individual who has an ownership or financial interest in or with the applicant
12 or its gaming location or an affiliated entity, is an elected official of the general court or executive
13 branch of the state of New Hampshire or employee of the attorney general's office or the lottery
14 commission on a full or part-time or contractual basis or has been at any time during the previous 2
15 years. If any such applicant, key employee, or any individual who has an ownership or financial
16 interest in the applicant becomes an employee of the attorney general's office or the lottery
17 commission on a full or part-time or contractual basis, the applicant shall be subject to sanctions
18 pursuant to RSA 284-B:25.

19 V. If the lottery commission finds that an individual who is a principal or has an interest in
20 the applicant does not meet the eligibility requirements of paragraph II, and on this basis the
21 applicant shall be denied a license, the lottery commission may afford the individual the opportunity
22 to completely divest his or her interest in the applicant and after such divestiture reconsider the
23 applicant's suitability for licensure in an expedited proceeding and may, after such proceeding, issue
24 the applicant a license.

25 VI. No license shall be issued to a gaming applicant unless the applicant has obtained local
26 approval as provided in RSA 284-B:10.

27 VII.(a) The lottery commission shall approve, approve with conditions, or deny each
28 application according to the time frames set forth in RSA 284-B:15. Following approval of an
29 application for a license and receiving notice from the lottery commission that the decision is final
30 and not subject to an appeal pursuant to RSA 284-B:15, IV, the applicant shall pay any applicable
31 licensing fee. The applicant shall provide formal notification to the commission as soon as it fulfills
32 all required conditions for issuance of the license. Upon receipt of such formal notification, and upon
33 conducting any necessary verification, and payment of the license fee, the lottery commission shall
34 issue a license to the applicant.

35 (b) No gaming licensee may begin operations until the lottery commission has adopted
36 final rules. Once final rules have been adopted, a gaming licensee may commence operations in a
37 temporary gaming location while completing construction of the permanent gaming location. The

1 gaming licensee shall commence construction of the permanent gaming location within 6 months of
2 issuance of a license or adoption of final rules by the lottery commission, whichever occurs later.

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

7 VIII. The lottery commission shall not consider an incomplete application and shall notify
8 the applicant in writing if an application is incomplete consistent with RSA 284-B:14, II. An
9 application shall be considered incomplete if it does not include all applicable application fees and all
10 information and accompanying documentation required by the commission, including, but not
11 limited to, a current tax lien certificate issued by the department of revenue administration at the
12 time of filing the application. Any unpaid taxes identified on the tax lien certificate shall be paid
13 before the application is considered complete. A notification of incompleteness shall state the
14 deficiencies in the application that must be corrected prior to consideration of the merits of the
15 application.

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

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

27 XI. During the course of review of any application for a gaming license, the lottery
28 commission shall take reasonable measures to prohibit and prevent all ex parte communication
29 relating to the merits of such application.

30 XII. No licensee or any person owning an interest in a licensee or affiliated personnel shall
31 be permitted to make a political contribution as defined by RSA 664:2, VIII.

32 284-B:18 Term of License; Limits on Transfer.

33 I. Any license issued to a gaming licensee pursuant to this chapter and any renewal thereof
34 shall be valid for 10 years unless earlier suspended or revoked by the lottery commission. Any
35 license issued to a technology provider pursuant to this chapter and any renewal thereof shall be
36 valid for 5 years unless earlier suspended or revoked by the lottery commission. The lottery
37 commission shall adopt procedures for license renewal; provided that such license may be renewed

1 by the licensee so long as the licensee shall comply with the requirements of the law and continues to
2 meet the standards for licensure pursuant to this chapter, and so long as the fee for renewal has
3 been paid pursuant to RSA 284-B:13, III.

4 II. No license issued by the lottery commission may be transferred to a separate person or
5 entity without the prior approval of the lottery commission consistent with this chapter. Any
6 proposed transferee of a license issued pursuant to this chapter shall pay an application fee to the
7 lottery commission and an investigation fee to the attorney general as specified in RSA 284-B:13 or
8 RSA 284-B:16, as applicable. Any transfer of a license approved by the lottery commission shall be
9 for the balance of the term of the license. The transferee approved by the lottery commission shall
10 not pay any additional fee at the time of the approval. The transferee shall be subject to the
11 provisions of this chapter with regard to renewal of the license.

12 III. For purposes of this section, a transfer includes the transfer of 50 percent or more of the
13 ownership of the entity which holds the license issued by the lottery commission, whether such
14 proposed transfer occurs in one transaction or a series of transactions over the course of 12
15 consecutive months. Any transfer without the approval of the lottery commission shall result in the
16 immediate and automatic termination of the license. The lottery commission shall adopt rules and
17 procedures to implement consideration of a proposed transfer of a license.

18 284-B:19 Table Game Operation Certificates.

19 I. The lottery commission shall have general and sole regulatory authority over the conduct
20 of table games described in this chapter. The lottery commission shall ensure the integrity of the
21 acquisition and operation of table game devices and associated equipment and shall have sole
22 regulatory authority over every aspect of the authorization and operation of table games.

23 II.(a) The lottery commission shall:

24 (1) Issue, approve, renew, revoke, suspend, condition, or deny issuance or renewal of
25 a table game operation certificate permitting a gaming licensee to operate table games at a gaming
26 location consistent with this chapter.

27 (2) Determine at its discretion the suitability of any person, including technology
28 vendors not licensed pursuant to this chapter, who furnishes or seeks to furnish to a certificate
29 holder directly or indirectly any services or property related to the table games or associated
30 equipment or through any arrangements under which that person receives payment based directly
31 or indirectly on earnings, profits, or receipts from table games and associated equipment. Any
32 criminal background checks shall be conducted by the division of state police, gaming enforcement
33 unit, and any other background investigations shall be conducted by the attorney general's office.
34 The commission may require any such person to comply with the requirements of this chapter and
35 the rules of the commission and may prohibit the person from furnishing the services or property.

36 (b) The certificate shall only permit the operation of table games at a gaming location of
37 a gaming licensee that operates or permits the operation of games of chance for or on behalf of

1 charitable organizations pursuant to RSA 287-D. The space allocated for games of chance at the
2 facility of a gaming licensee shall be at least 5,000 square feet within the principal gaming area of
3 the gaming location, and the number of tables used for table games shall be limited to no more than
4 150 tables.

5 (c) The certificate shall not be transferable.

6 III. The lottery commission shall only permit the operation of table games and the system of
7 wagering associated with table games at a gaming location. Authorization to conduct table games
8 shall be contingent upon the gaming applicant's agreement to conduct table games in accordance
9 with this section.

10 IV.(a) A gaming licensee may seek approval to operate table games by filing a petition with
11 the lottery commission consistent with this chapter.

12 (b) A petition shall include the following:

13 (1) An itemized list of the number and type of table games for which authorization is
14 being sought.

15 (2) The estimated number of full-time and part-time employment positions that will
16 be created at the gaming location if table games are authorized.

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

22 (4) The details of any financing that will be obtained or has been obtained to
23 accommodate the operation of table games.

24 (5) Detailed site plans identifying the petitioner's proposed table game area within
25 the gaming location including reference to the area reserved for charitable games of chance and
26 affirmation that the petitioner agrees to permit the operation of charitable games of chance
27 consistent with RSA 284-B:12, II(c)(3). The proposed table game area shall be reviewed by the
28 lottery commission to determine the adequacy of the proposed internal controls and external security
29 and proposed surveillance measures and submit a finding regarding adequacy to the commission.

30 V. The applicant shall certify under oath that:

31 (a) The information provided on the petition is accurate.

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

34 (c) The proposed internal and external security and proposed surveillance measures
35 within the petitioner's proposed table game area within the gaming location are adequate.

36 (d) The petitioner's proposed internal controls and audit protocols shall:

37 (1) Safeguard its assets and revenues, including the recording of cash and evidences

1 of indebtedness related to the table games.

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

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

7 (4) Establish procedures for all the following:

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

10 (B) Check cashing.

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

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

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

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

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

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

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

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

26 (11) Establish procedures and rules governing the conduct of particular games and
27 the responsibility of non-key gaming employees.

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

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

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

37 (15) Ensure that recorded accountability for assets is compared with actual assets at

1 reasonable intervals and that appropriate action is taken with respect to any discrepancies.

2 (16) Ensure that all functions, duties, and responsibilities are appropriately
3 segregated and performed in accordance with sound financial practices by competent, qualified
4 personnel.

5 (17) Permit use of its existing onsite facilities by the lottery commission and other
6 persons authorized by the commission to facilitate their ability to perform regulatory and oversight
7 functions under this chapter.

8 VI.(a) Each gaming licensee shall, prior to being approved for a table game operation
9 certificate, submit to the commission a detailed description of its administrative and accounting
10 procedures related to table games, including its written system of internal controls. Each written
11 system of internal controls shall include:

12 (1) An organizational chart depicting appropriate functions and responsibilities of
13 employees involved in the table game operation.

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

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

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

19 (b) Gaming licensees shall maintain a detailed narrative description of the
20 administrative and accounting procedures which meet the requirements of this section.

21 (c) A gaming licensee with a table game operation certificate may accept a check from a
22 patron in exchange for cash or chips, provided that each check is deposited with the financial
23 institution upon which the check is drawn within 10 days of receipt by the gaming licensee.

24 (d) A gaming licensee with a table game operation certificate may make credit card
25 advances and debit card withdrawals available to table game patrons at a gaming location. All fees
26 charged for cash advances, check cashing, and debit card withdrawals shall be disclosed.
27 Notwithstanding any other provision of law, a gaming licensee with a table game operation
28 certificate may provide credit to patrons for the purpose of playing table games in accordance with
29 this section. No third party checks shall be permitted.

30 VII. A certificate holder shall maintain all books, records, and documents pertaining to the
31 certificate holder's table game operation in a manner and location as approved by the lottery
32 commission. All books, records, and documents related to table game operations shall:

33 (a) Be maintained separately and apart from all books, records, and documents of the
34 video lottery machine operations;

35 (b) Be immediately available for inspection upon request of the lottery commission, the
36 state police, or agents of the attorney general during all hours of operation in accordance with rules
37 adopted by the commission; and

1 (c) Be maintained for a period as the lottery commission, by rule, may require.

2 VIII. A gaming licensee shall distribute its daily gross table revenue as follows:

3 (a) Fourteen percent of daily gross table revenue to the state to be deposited into the
4 education trust fund under RSA 198:39; and

5 (b) The balance of the daily gross table game revenue shall be retained by the
6 gaming licensee that operates the table games.

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

14 X. Any person seeking to supply table game devices for use at a gaming location shall obtain
15 approval by the commission for authority to manufacture or supply table games, table game devices,
16 or other equipment associated with table games, and shall pay such fees as the commission deems
17 reasonable and appropriate. Upon approval, the manufacturer or supplier shall pay a fee of \$50,000.
18 A fee of \$25,000 shall be paid for the annual renewal of an approval.

19 XI.(a) No table games shall be conducted with any equipment except such as is owned or
20 leased from a supplier or manufacturer of such equipment who has been approved by the commission
21 pursuant to RSA 284-B:19, X and who has registered with the secretary of state in such manner and
22 on such form as the secretary of state prescribes.

23 (b) All devices and equipment used to conduct table games shall be subject to inspection
24 by duly authorized law enforcement officials of the commission.

25 (c) The amount of any wager permitted to be played by a player, on any table game, shall
26 be prominently posted.

27 284-B:20 Exclusion of Minors.

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

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

35 284-B:21 Operation of Video Lottery Machines.

36 I.(a) A gaming licensee shall provide to the lottery commission prior to commencing
37 operations of any video lottery machines, by diagram or narrative, a description of:

- 1 (1) The location of each video lottery machine available for play by the public.
- 2 (2) The location of all areas for the storage, maintenance, or repair of video lottery
- 3 machines.
- 4 (3) A description of all security measures to be taken for the safeguarding of video
- 5 lottery machines.
- 6 (4) The location and security measures taken for the safeguarding of all moneys,
- 7 tokens, or other items of value utilized in the use of video lottery machines.
- 8 (5) All procedures for the operation, maintenance, repair, and inserting or removing
- 9 of moneys, tokens, or other items of value from video lottery machines.
- 10 (6) All internal control systems as required by RSA 284-B:12, I(f).

11 (b) The provisions of subparagraphs (a)(1)-(6) shall be approved by the lottery

12 commission prior to a gaming licensee's commencing the operation of any video lottery machine.

13 II. No video lottery machine shall be possessed, maintained, exhibited, brought into, or

14 removed from a gaming location by any person unless such machine has permanently affixed to it an

15 identification number or symbol authorized by the lottery commission and prior notice of any such

16 movement has been given to the lottery commission.

17 III. Each gaming licensee shall maintain secure facilities for the counting and storage of all

18 moneys, tokens, or other items of value utilized in the conduct or operation of video lottery machines.

19 IV. The drop boxes and other devices shall not be brought into a gaming location or removed

20 from a video lottery machine, locked or unlocked, except at such specific times and such places and

21 according to such procedures as the lottery commission may require to safeguard such boxes and

22 devices and their contents.

23 V. No video lottery machine shall be used to conduct gaming unless it is identical in all

24 electrical, mechanical, and other aspects to a model which has been specifically tested by the lottery

25 commission and licensed for use by the lottery commission. In conducting such tests, the lottery

26 commission shall use the services of an independent laboratory, and the cost of such independent

27 laboratory shall be paid by the technology provider.

28 VI. Video lottery machines in operation at a gaming location shall provide a payoff of an

29 average of at least 90 percent, except that progressive jackpots shall have a payoff of an average of at

30 least 85 percent.

31 VII. All tickets given as prizes or winnings from video lottery machines shall be redeemed

32 for cash within one year after the date of winning. Upon the expiration of such one-year period, the

33 value of such unredeemed tickets shall be considered net machine income of the issuing gaming

34 licensee.

35 VIII. A gaming licensee shall not be restricted in the days of operation of video lottery

36 machines.

37 IX. Video lottery machines shall be operated only at times when the public is allowed access

1 to the gaming locations.

2 X. No automatic teller machines shall be located within 50 feet of video lottery machines.

3 XI. All table games operated by a gaming licensee shall be approved in advance by the
4 lottery commission consistent with RSA 284-B:19 and operated consistent with such approval.

5 284-B:22 Distribution of Net Machine Income.

6 I.(a) Notwithstanding any law to the contrary, the net machine income generated by video
7 lottery machines operated by a gaming licensee shall be paid as follows:

8 (1) Twenty-five percent of the net machine income generated by video lottery
9 machines shall be paid to the commission from which it shall pay for the costs of regulation,
10 administration, enforcement of this chapter, and the operation of the central computer system, and
11 the balance of which shall be paid to the state treasurer to be distributed through the operating
12 budget as determined by the general court for the following purposes:

13 (A) Forty-five percent shall be appropriated to the department of transportation
14 to be used to pay the debt service costs on bonds issued after December 31, 2012 for the widening of
15 I-93. The remainder of this 45 percent shall be disbursed as follows:

16 (i) Notwithstanding the provisions of RSA 235:23 and RSA 235:23-a, the first
17 1/6 shall be deposited into the highway and bridge betterment account established under RSA
18 235:23-a and dedicated to local highway and bridge betterment projects; and

19 (ii) The next 5/6 shall be distributed pursuant to the apportionment formula
20 in RSA 235:23, I.

21 (B) Forty-five percent shall be appropriated to the university system of New
22 Hampshire and community college system of New Hampshire higher education fund to provide
23 additional funding to public institutions of higher education in New Hampshire. There is
24 established the university system of New Hampshire and community college system of New
25 Hampshire higher education fund. This fund shall be nonlapsing and continually appropriated for
26 the purposes of this subparagraph.

27 (C) To be deposited in the north country economic development fund established
28 in RSA 284-B:29 for the purposes of north country economic development.

29 (2) Three percent of the net machine income generated by video lottery machines
30 operated by a gaming licensee in any specific municipality shall be paid to the municipality in which
31 the gaming licensee operates video lottery machines.

32 (3) One percent of the net machine income generated by video lottery machines
33 operated by a gaming licensee shall be paid in equal portions to each of the municipalities of
34 New Hampshire which abut the municipality in which the gaming licensee operates video lottery
35 machines; provided, however, that if a municipality abuts more than one municipality in which a
36 gaming licensee operates video lottery machines, such municipality shall only receive net machine
37 income pursuant to this paragraph from the gaming licensee who operates video lottery machines in

1 the same county as the abutting municipality.

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

5 (b) The balance of the funds from the net machine income from video lottery machines
6 shall be retained by the gaming licensee that operates such video lottery machines, subject to any
7 adjusted charitable benefit amount or gaming location charitable benefit amount due to the racing
8 and charitable gaming commission from the gaming licensee pursuant to RSA 284:6-b, III.

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

19 284-B:23 Inspection of Video Lottery Machines; Penalty for Tampering or Manipulating.

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

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

27 284-B:24 Presence of the Lottery Commission. The lottery commission and the division of state
28 police gaming enforcement unit may be present at any gaming location at which video lottery
29 machines and table games are operated at all times when the gaming location is open to the public.
30 The gaming licensee may be required by the lottery commission or gaming enforcement unit to
31 provide such office space and equipment which the commission or unit shall determine is reasonably
32 necessary or proper.

33 284-B:25 Sanction Powers of the Lottery Commission.

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

37 (a) Revocation or suspension of a license.

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

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

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

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

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

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

11 (a) The risk to the public and to the integrity of video lottery machine or table game
12 operations created by the conduct of the person.

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

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

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

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

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

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

24 284-B:26 Declaration of Limited Exemption from Operation of Provisions of 15 U.S.C. sections
25 1171-1178. Pursuant to section 2 of an act of Congress of the United States entitled "An Act to
26 Prohibit Transportation of Gambling Devices in Interstate and Foreign Commerce," designated as 15
27 U.S.C. sections 1171-1178, the state of New Hampshire, acting by and through the duly elected and
28 qualified members of its legislature, does hereby, in accordance with and in compliance with the
29 provisions of that section 2 of that act of Congress, declare and proclaim that it is in the state's best
30 interest to benefit from limiting gambling device revenues but prevent the proliferation of gambling
31 devices by limiting approved facility locations and therefore that section 2 of that act of Congress
32 shall not apply to any gambling device in this state where the transportation of such a device is
33 specifically authorized by and done in compliance with the provisions of this chapter and any rules
34 adopted pursuant to it, and that any such gambling device transported in compliance with state law
35 and rules shall be exempt from the provisions of that act of Congress.

36 284-B:27 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state
37 of gaming devices, the registering, recording, and labeling of which has been duly made by the

1 manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States
2 entitled “An Act to Prohibit Transportation of Gambling Devices in Interstate and Foreign
3 Commerce,” designated as 15 U.S.C. sections 1171-1172, shall be deemed legal shipments into this
4 state.

5 284-B:28 Gaming Study Commission Established.

6 I. There is established a gaming study commission consisting of members as follows:

7 (a) Three members appointed by the governor.

8 (b) One member appointed by the president of the senate.

9 (c) One member appointed by the speaker of house of representatives.

10 (d) The commissioner of the department of resources and economic development; or
11 designee.

12 (e) The executive director of the lottery commission, or designee.

13 II. The terms of the members shall commence upon their appointment and continue through
14 the date on which the report of the commission is delivered as provided in paragraph IV. The
15 commission shall elect a chairperson from its membership. The commission shall meet at the call of
16 chairperson who may call a meeting as often as necessary. Five commissioner members shall
17 constitute a quorum and action shall be taken by a majority of the members present when there is a
18 quorum.

19 III. The commission shall review the operation of the gaming location by the gaming licensee
20 authorized pursuant to this chapter and shall evaluate the economic and regulatory impact of such
21 operations and the competitive conditions in the gaming industry then existing. Based upon such
22 review, the commission may make such findings and recommendations as it determines appropriate,
23 including with respect to whether additional licenses should be issued for gaming locations under
24 this chapter and under what conditions.

25 IV. The commission shall make a report, together with its findings and recommendations, to
26 the governor, the president of the senate, and the speaker of the house of representatives within 2
27 years of the date on which the gaming location authorized under this chapter becomes operational.

28 284-B:29 Fund Established.

29 I. There is hereby established a special fund to be known as the north country economic
30 development fund. The fund shall consist of moneys from the net machine income generated by video
31 lottery machines as prescribed in RSA 284-B:22. The fund shall be managed by the state treasurer
32 and the committee in paragraph II, shall be nonlapsing, and shall be continually appropriated for
33 the purposes of this chapter.

34 II.(a) Use of the fund shall be solely for supporting job creation, economic stability and other
35 activities which improve the standard of living of residents of the north country. The fund
36 distribution will be managed by a committee consisting of 3 public members from the north country
37 appointed by the governor:

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1 (b) The members appointed under subparagraph (a) shall serve 2-year terms.

2 III. For the purposes of this section the north country shall consist of the upper one-third of
3 the state of New Hampshire.

4 3 New Section; Lottery Commission; Administration of Video Lottery. Amend RSA 284 by
5 inserting after section 21-v the following new section:

6 284:21-w Administration of Video Lottery and Table Games. The lottery commission shall
7 administer and enforce the provisions of RSA 284:B.

8 4 New Sections; Department of Safety; Gaming Enforcement Unit Established. Amend RSA 21-
9 P by inserting after section 7-c the following new sections:

10 21-P:7-d Division of State Police; Gaming Enforcement Unit.

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

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

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

18 (c) Investigate crimes which may involve a violation of RSA 284-B that occur at a
19 gaming location.

20 II. The commissioner of the department of safety shall organize the unit as the
21 commissioner deems necessary. The commissioner of safety may employ such state police personnel
22 as the commissioner deems necessary to fulfill the responsibilities of the unit.

23 21-P:7-e Enforcement Expenditures. The governor and council, upon request from the
24 commissioner of the department of safety, may authorize the transfer of general funds as necessary
25 to the department of safety to implement and enforce RSA 21-P:7-d and RSA 284-B.

26 5 New Section; Racing and Charitable Gaming Commission; Duties. Amend RSA 284 by
27 inserting after section 6-a the following new section:

28 284:6-b Duties of the Racing and Charitable Gaming Commission. The racing and charitable
29 gaming commission shall:

30 I. Provide to the lottery commission, attorney general, or division of state police gaming
31 enforcement unit, all records pertaining to the licensing of a pari-mutuel licensee to the extent a
32 pari-mutuel licensee is an applicant or gaming location relevant to the lottery commission's approval
33 process under RSA 284-B within 30 days after the racing and charitable gaming commission receives
34 a request. All records provided to the lottery commission shall be confidential in accordance with
35 RSA 284:B-16.

36 II. Notice of the contents of any information or data released, except to a duly authorized
37 law enforcement agency pursuant to paragraph I, shall be given to any applicant, registrant, or

1 licensee in a manner prescribed by the rules adopted by the racing and charitable gaming
2 commission.

3 III. Any charity that held charitable games in New Hampshire in accordance with RSA 287-
4 D or RSA 287-E during the fiscal year ending June 30, 2012, (“FY 12”) shall be eligible to receive an
5 adjusted charitable benefit as follows:

6 (a) The racing and charitable gaming commission shall determine the total net revenue
7 awarded to each charity from charitable gaming events held in accordance with RSA 287-D and
8 RSA 287-E during FY 12. This amount shall be called the “base charitable benefit.”

9 (b) Within 60 days of the close of a fiscal year in which a gaming licensee has operated
10 video lottery machines and table gaming pursuant to RSA 284-B, the racing and charitable gaming
11 commission shall determine the total net revenue awarded to each charity from charitable gaming
12 events held in accordance with RSA 287-D and RSA 287-E for that fiscal year. This amount shall be
13 called the “annual charitable benefit.”

14 (c) For each charity eligible under this paragraph, the racing and charitable gaming
15 commission shall determine if the base charitable benefit exceeds the annual charitable benefit for
16 the previous fiscal year. If the base charitable benefit exceeds the annual charitable benefit, the
17 difference shall be called the “adjustable annual charitable benefit” and the racing and charitable
18 gaming commission shall notify the lottery commission and the gaming licensee of the amount of the
19 adjusted annual charitable benefit.

20 (d) Within 20 days of receipt of such notice, the gaming licensee shall pay the adjusted
21 annual charitable benefit of each eligible charity to the racing and charitable gaming commission

22 (e) Within 10 days of receipt of the adjusted annual charitable benefit, the racing and
23 charitable gaming commission shall pay the adjusted annual charitable benefit to each eligible
24 charity.

25 (f) The payment due under this section shall not be subject to offsets or credits.

26 (g) To the extent the gaming licensee has operated video lottery machines and table
27 games for only a portion of a fiscal year, the adjusted annual charitable benefit amount for that year
28 shall be proportionally pro-rated.

29 (h) If a charity eligible under this paragraph stops engaging in charitable games under
30 RSA 287-D and RSA 287-E for over a year any time after the opening of the gaming licensee, such
31 charity shall no longer be eligible to receive an annual charitable benefit.

32 IV. The racing and charitable gaming commission shall adopt rules, under RSA 541-A,
33 relative to the calculation, collection, and distribution of the adjusted annual charitable benefit
34 consistent with this section.

35 6 Restriction on Gambling. RSA 284:17-c is repealed and reenacted to read as follows:

36 284:17-c Restriction on Gambling. Except as provided in the introductory paragraph of
37 RSA 284:22, RSA 284:22-a, and RSA 284-B, no licensee who holds running horse races shall at the

1 same facility hold any other kinds of races or permit any other type of gambling except harness horse
2 races and activities licensed by the lottery commission or the racing and charitable gaming
3 commission.

4 7 New Paragraph; Facility Licensee; Cocktail Lounge License. Amend RSA 178:22 by inserting
5 after paragraph V the following new paragraph:

6 VI. The commission may issue a special license to a person holding a gaming license under
7 the provisions of RSA 284-B, provided the gaming location has an existing liquor license. Such
8 special license shall allow the sale of liquor and beverage within the gaming location, including
9 dining room, function room, gaming room, lounge, or any other area designated by the commission,
10 without regard to whether meals are served therein, but only during the time gaming is being
11 conducted under RSA 284-B.

12 8 New Subparagraph; Authorized Video Lottery Machines. Amend RSA 647:2, V by inserting
13 after subparagraph (c) the following new subparagraph:

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

15 9 Rehabilitation of Problem Gaming. Amend RSA 172:2-a to read as follows:

16 172:2-a Program Established. The commissioner shall provide for the scientific care, treatment,
17 and rehabilitation of **gambling**, alcohol and drug abusers, and work towards the prevention of, and
18 assist in the control of, alcohol and drug abuse within the state through education, treatment,
19 community organization, and research.

20 10 Rehabilitation of Problem Gaming. Amend RSA 172:8 to read as follows:

21 172:8 Duties of Commissioner. The commissioner shall:

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

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

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

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

33 V. [Repealed.]

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

36 VII. Coordinate community medical resources for the emergency medical care of persons
37 suffering acute mental or physical reaction to **gambling**, alcohol or drugs and of persons suffering

1 from drug dependency.

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

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

6 X. [Repealed.]

7 11 Problem Gaming Added. Amend RSA 172:8-a to read as follows:

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

16 12 Problem Gaming Added. Amend RSA 172:8-b to read as follows:

17 172:8-b Rulemaking. The commissioner shall adopt rules under RSA 541-A relative to the
18 following:

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

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

23 III. Certification of **such** substance abuse treatment facilities including, but not limited to:

- 24 (a) Program content;
25 (b) Qualifications of program staff; and
26 (c) Type of substance abuse treatment offered.

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

- 29 (a) Peer review of applicants.
30 (b) Minimum qualifications and competency.
31 (c) Education and continuing education.
32 (d) Experience required.
33 (e) Required knowledge of **gambling**, alcohol and drug abuse counseling.
34 (f) Such other matters as the commissioner may deem necessary to carry out the
35 purposes of this chapter.

36 V. Voluntary admissions under RSA 172:13.

37 13 Acceptance of Funds; Treatment of Problem Gamblers. Amend RSA 172:9 to read as follows:

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1 172:9 Acceptance of [~~Grants~~] **Funds**. The commissioner is authorized to accept in the name of
2 the state special grants or money or services from the federal or state governments or any of their
3 agencies and may accept gifts to carry on the functions provided for in this chapter.

4 14 New Subparagraph; Gambling Offenses; Minors. Amend RSA 647:2, I by inserting after
5 subparagraph (c) the following new subparagraph:

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

7 15 Education Trust Fund; Proceeds. Amend RSA 6:12, I(b)(65) to read as follows:

8 (65) Money received under RSA 77-A, RSA 77-E, RSA 78, RSA 78-A, RSA 78-B, RSA
9 83-F, **RSA 284-B:19, VIII** and from the sweepstakes fund, which shall be credited to the education
10 trust fund under RSA 198:39.

11 16 New Subparagraph; Special Fund. Amend RSA 6:12, I(b) by inserting after subparagraph
12 310 the following new subparagraph:

13 (311) Moneys received for the university system of New Hampshire and community
14 college system of New Hampshire higher education fund established under RSA 284-B:22, I(a)(1)(B).

15 17 License Proceeds to Lottery Commission. Amend RSA 284:21-j, I to read as follows:

16 I. The state treasurer shall credit all moneys received from the lottery commission and all
17 moneys received from the racing and charitable gaming commission under RSA 284, **RSA 284-B:13,**
18 **I,** RSA 287-D, and RSA 287-E, and interest received on such moneys, to a special fund from which
19 the treasurer shall pay all expenses of the commission incident to the administration of this
20 subdivision and all administration and enforcement expenses of the racing and charitable gaming
21 commission under RSA 284, RSA 287-D, and RSA 287-E. Any balance left in such fund after such
22 expenses are paid shall be deposited in the education trust fund established under RSA 198:39.

23 18 New Subparagraph; North Country Economic Development Fund. Amend RSA 6:12, I(b) by
24 inserting after subparagraph (310) the following new subparagraph:

25 (311) Moneys deposited in the north country economic development fund established
26 in RSA 284-B:29.

27 19 Effective Date. This act shall take effect upon its passage.

SB 152 FISCAL NOTE

AN ACT relative to video lottery and table gaming.

FISCAL IMPACT:

The Lottery Commission, Department of Safety, Department of Justice, Department of Health and Human Services, New Hampshire Municipal Association, and Racing and Charitable Gaming Commission state this bill, **as amended by the Senate (Amendment #2013-0796s)**, will increase state and local revenue and expenditures by an indeterminable amount in FY 2014 and each year thereafter. There will be no fiscal impact on county revenue and expenditures.

METHODOLOGY:

This bill allows video lottery games and table games at one location in the state, pursuant to a competitive bidding process. The bill authorizes a maximum of 5,000 video lottery machines, and distributes certain proceeds from machines and table games to the state, as well as to the municipality in which the facility is located and abutting municipalities. The bill also requires the Lottery Commission to regulate, license, and enforce the provisions for video lottery and table games operated at a gaming location. Following are several provisions of the bill that may impact state and municipal revenue:

- The licensee shall pay an initial fee of \$80,000,000 to the Lottery Commission. The initial license shall be valid for ten years, and the renewal fee shall be \$1,500,000.
- 25% of net machine income generated by video lottery machines shall be paid to the Commission, from which it shall pay the costs of administration, enforcement, and operation of the central computer system. The balance shall be paid to the state treasurer and distributed as follows:
 - 45 percent to the Department of Transportation to pay the debt service costs on bonds issued after December 31, 2012 for the widening of I-93. The remainder of this 45 percent shall be distributed as follows:
 - 1/6 to the highway and bridge betterment account established under RSA 235:23-a and dedicated to highway and bridge betterment projects
 - 5/6 shall be distributed pursuant to the apportionment formula in RSA 235:23, I.

- 45 percent to the University System of New Hampshire and Community College System of New Hampshire higher education fund.
 - 10 percent to the North Country economic development fund.
- 3% of net machine income shall be paid to the municipality in which the licensee operates.
- 1% of net machine income shall be paid to in equal portions to each of the municipalities which about the municipality in which the licensee operates.
- 1% of net machine income shall be paid to the Department of Health and Human Services to treat problem gaming.
- 14% of daily gross revenue from table games shall be deposited into the education trust fund.
- Upon issuance of a technology provider license (see below), the Lottery Commission shall charge an initial license fee of \$50,000, valid for five years. Each renewal shall also be valid for five years and cost \$50,000.
- Suppliers of table game devices shall pay a fee to the Lottery Commission of \$50,000, to be renewed annually at \$25,000.
- All video lottery machines shall pay out as winnings at least 90 percent on an annual basis, except that progressive jackpots shall have a payout of 85 percent.
- Operator license and renewal fees collected under the chapter will be deposited in the education trust fund established under RSA 198:39.

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:

- Applicants seeking an operator license will be required to pay an application fee of \$500,000 in order to obtain a gaming license. The application fee is to be used by the Lottery Commission to defray the cost of processing the application.
- Applicants seeking an operator license will be required to pay an investigation fee of \$100,000 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 two operator license applications, at \$500,000 each payable to the Commission, and four technology provider licenses, at \$100,000 each payable to the Commission, during FY 2014. These applications will generate revenue of \$1,400,000. The Commission estimates that personnel expenditures during FY 2014 will be \$638,054, in which case the Commission will generate net revenue of \$761,946 in FY 2014. Under the terms of the bill, this additional revenue will be deposited into the education trust fund.

The Commission assumes the successful applicant will utilize a temporary structure beginning October 1, 2014, which the Commission expects will house 2,500 video lottery machines and 50 table games. The Commission assumes net machine income for machines at the temporary facility will be \$250 per machine per day, and gross revenue for table games at the temporary facility will be \$2,500 per table per day. The Commission assumes that by August 1, 2016, a new facility will be operational and will house 5,000 video lottery machines and 150 table games. The Commission assumes net machine income for machines at the new facility will be \$257.50 per machine per day, and gross revenue for table games at the new facility will remain unchanged at \$2,500 per table 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:

	FY 2015	FY 2016	FY 2017
Net machine income:	\$170,625,000	\$228,125,000	\$449,400,000
Gross table game revenue:	\$34,125,000	\$45,625,000	\$129,125,000

With respect to Lottery Commission expenditures, the Commission estimates that during the first full year of operation its expenses will total \$4,395,995 per year, of which approximately \$3,000,000 will be devoted to a central computer system and the remainder will be devoted to personnel costs. The bill defines a central computer system 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.” 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:

	FY 2015	FY 2016	FY 2017
25% of NMI	\$42,656,250	\$57,031,250	\$112,350,000
(Minus Lottery Commission administrative costs)	(\$3,603,830)	(\$4,395,995)	(\$4,395,995)
(Minus Department of Safety costs)	(\$1,729,609)	(\$1,745,496)	(\$1,762,681)

25% of NMI, Net of Administrative Costs

\$37,322,811 \$50,889,759 \$106,191,324

Department of Transportation-Related Projects

(45% of 25% of NMI, net of administrative costs)

To be distributed as follows:

(1) Estimated I-93 Debt Service	\$0	\$0	\$20,000,000
(2) Betterment Account (1/6 of funds remaining after debt service payments)	\$2,799,211	\$3,816,732	\$4,631,016
(3) Apportionment A (5/6 of funds remaining after debt service payments)	\$13,996,054	\$19,083,660	\$23,155,080
Total DOT-related projects:	<u><u>\$16,795,265</u></u>	<u><u>\$22,900,392</u></u>	<u><u>\$47,786,096</u></u>

USNH / CCSNH

(45% of 25% of NMI, net of administrative costs)

USNH / CCSNH higher education fund

\$16,795,265 \$22,900,392 \$47,786,096

North Country Economic Development

(10% of 25% of NMI, net of administrative costs)

North Country economic development fund

\$3,732,281 \$5,088,976 \$10,619,132

Department of Health and Human Services

(1% of NMI)

DHHS total:

\$1,706,250 \$2,281,250 \$4,494,000

Host Municipality

(3% of NMI)

Host municipalities total:

\$5,118,750 \$6,843,750 \$13,482,000

Abutting Municipalities

(1% of NMI)

Abutting municipalities total:

\$1,706,250 \$2,281,250 \$4,494,000

Lottery Fund / Education Trust Fund

One \$80 million operator license fee

\$80,000,000 - -

14% of gross table game revenue

\$4,777,500 \$6,387,500 \$18,077,500

Lottery / Education trust fund total:

\$84,777,500 \$6,387,500 \$18,077,500

The Department of Safety states the bill establishes a Gaming Enforcement Unit within the Division of State Police. The Unit will be charged with investigating violations of the bill's provisions, initiating proceedings before the Lottery Commission for such violations,

participating in hearings conducted by the Commission, and reporting the results of investigations to the Commission. In addition, the Unit will investigate any crimes that occur at the facility licensee, and present its findings to the appropriate prosecuting authority for potential prosecution in a criminal court. The Department states the Gaming Enforcement Unit will comprise at a minimum one lieutenant, one detective sergeant, one detective, ten non-uniformed detectives, and one administrative secretary. The Department states that due to the fact that gaming operations are new to the state, it will staff the Unit with seasoned troopers beginning at labor grade 8. The Department projects costs as follows:

	FY 2014	FY 2015	FY 2016	FY 2017
<u>Personnel Expenses</u>				
State Police Lieutenant salary (LG 27 , step 8)	\$86,751	\$86,751	\$86,751	\$86,751
Benefits	\$33,978	\$34,892	\$35,888	\$36,970
State Police Sergeant salary (LG 26, step 8)	\$76,286	\$76,286	\$76,286	\$76,286
Benefits	\$31,168	\$32,082	\$33,078	\$34,160
State Police Detective salary (LG 21, step 8, plus two LG detective differential) * 11 positions	\$899,503	\$899,503	\$899,503	\$899,503
Benefits	\$359,052	\$369,106	\$380,062	\$391,964
Administrative Secretary salary (LG 14, with annual steps)	\$28,646	\$29,718	\$30,888	\$32,097
Benefits	\$21,845	\$23,487	\$25,256	\$27,166
Training	\$30,000	\$30,000	\$30,000	\$30,000
Overtime	\$50,000	\$50,000	\$50,000	\$50,000
Temporary Part Time	\$25,000	\$25,000	\$25,000	\$25,000
Benefits on OT and PT	\$13,425	\$13,425	\$13,425	\$13,425
Personnel Expenses Total:	<u>\$1,655,653</u>	<u>\$1,670,249</u>	<u>\$1,686,136</u>	<u>\$1,703,321</u>
<u>Operating Expenses</u>	\$61,000	\$57,500	\$57,500	\$57,500
<u>Equipment Expenses</u>	\$674,896	\$1,860	\$1,860	\$1,860
Total Expenses:	<u>\$2,391,549</u>	<u>\$1,729,609</u>	<u>\$1,745,496</u>	<u>\$1,762,681</u>

The Department of Justice states that under the bill, it would 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 120 days. The Department expects it will need to hire two temporary full-time investigators and two temporary full-time financial analysts. The Department would 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. The Department anticipates that in addition to these responsibilities, the Lottery Commission and gaming enforcement unit 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 1.25 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 \$100,000 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>				
Two operator investigation fees (\$100,000 apiece)	\$200,000	-	-	-
Four technology provider investigation fees (\$25,000 apiece)	\$100,000	-	-	-
Total Revenue:	\$300,000	-	-	-
<u>Expenditures</u>				
Attorney Salary (125% first year of operation, 50% thereafter)	\$83,238	\$34,480	\$35,514	\$36,579
Attorney Benefits	\$36,824	\$14,908	\$15,091	\$15,280
Investigator Salary (three months each for two positions)	\$25,334	-	-	-
Investigator Benefits	\$13,286	-	-	-
Research Analyst Salary (three months each for two positions)	\$31,766	-	-	-
Research Analyst Benefits	\$11,886	-	-	-
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	\$262,387	\$61,948	\$63,533	\$65,150
Net increase (decrease) in state revenue	\$37,613	(\$61,948)	(\$63,533)	(\$65,150)

The Department of Health and Human Services states that based on current staffing levels for prevention and treatment service programs, the Department would need to establish three new full-time positions, two Program Specialist III positions (LG 23) and one clerical support

position (LG 11). The Department states additional funds will be used for media advertising and outreach (\$100,000 per year), information development and dissemination (\$50,000 per year), data collection and research to determine the scope of problem gambling and effectiveness of interventions (\$50,000 per year) and contracts for outpatient gambling addiction treatment (\$390,000 per year with subsequent three percent adjustments for inflation). The Department projects costs as follows:

	FY 2014	FY 2015	FY 2016	FY 2017
Program Specialist III Salary, * 2 positions	\$82,173	\$85,683	\$89,505	\$93,444
Executive Secretary Salary	\$25,584	\$26,540	\$27,515	\$28,646
Total Benefits	\$69,827	\$75,001	\$80,560	\$86,576
Other Expenses	\$28,000	\$23,500	\$23,500	\$23,500
Contract Costs	\$590,000	\$601,700	\$613,750	\$626,160
Total Expenditures	\$795,584	\$812,424	\$834,830	\$858,326

The New Hampshire Municipal Association states establishment of a gaming location would 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.

The Racing and Charitable Gaming Commission states the bill continues to allow the operation of charitable gaming in the state. The bill states that any charity that held charitable games pursuant to RSA 287-D or 287-E during FY 2012 shall be entitled to receive an annual adjusted charitable benefit. The bill provides for the implementation of a formula that would in essence hold charities harmless from any potential loss in charitable gaming revenue as a result of the casino permitted by the bill. The Commission states it is unable to determine any reduction or increase in revenue garnished from this calculation, as the adjusted charitable benefit is a concept not currently used by the Commission. The Commission states that although indeterminable, there may be a reduction of revenues garnished from charitable gaming as a whole, since the intent of the bill is to allow for forms of non-charitable gaming.

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>
Maine	1,000	\$162.89
Maryland	5,471*	\$212.34
Rhode Island	5,850	\$246.00
Pennsylvania	26,785*	\$257.91
Connecticut	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 5,000 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.

	Low Estimate (\$162.89 per machine, per day)	High Estimate (\$285.98 per machine, per day)
Total revenue, assuming 5,000 machines:	\$297,274,250	\$521,913,500
25% of NMI	\$74,318,563	\$130,478,375
(Minus Lottery Commission administrative costs)	(\$3,603,830)	(\$4,395,995)
(Minus Department of Safety costs)	(\$1,729,609)	(\$1,745,496)
25% of NMI, Net of Administrative Costs	\$68,985,124	\$124,336,884

Department of Transportation-Related Projects

(45% of 25% of NMI, net of administrative costs)

To be distributed as follows:

(1) Estimated I-93 Debt Service	\$20,000,000	\$20,000,000
(2) Betterment Account (1/6 of funds remaining after debt service payments)	\$1,840,551	\$5,991,933
(3) Apportionment A (5/6 of funds remaining after debt service payments)	\$9,202,755	\$29,959,665
Total DOT-related projects:	\$31,043,306	\$55,951,598

USNH / CCSNH

(45% of 25% of NMI, net of administrative costs)

USNH / CCSNH higher education fund	\$31,043,306	\$55,951,598
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North Country Economic Development

(10% of 25% of NMI, net of administrative costs)

North Country economic development fund	\$6,898,512	\$12,433,688
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Department of Health and Human Services

(1% of NMI)

DHHS total:	\$2,972,743	\$5,219,135
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Host Municipality

(3% of NMI)

Host municipalities total:	\$8,918,228	\$15,657,405
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Abutting Municipalities

(1% of NMI)

Abutting municipalities total:	\$2,972,743	\$5,219,135
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