

Amendment to SB 432-FN

1 Amend the title of the bill by replacing it with the following:

2  
3 AN ACT relative to advanced deposit account wagering and establishing a charitable third  
4 party financial intermediary program.  
5

6 Amend the bill by replacing all after the enacting clause with the following:

7  
8 1 New Sections; Pari-Mutuel Pools, and Distribution of Tax Theron; Advanced Deposit Account  
9 Wagering. Amend RSA 284 by inserting after section 22-b the following new sections:

10 284:22-c Charitable Third Party Financial Intermediary; Defined.

11 In this chapter:

12 I. "Charitable third party financial intermediary" means a charitable organization  
13 incorporated or qualified to do business in this state that:

14 (a) Is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal  
15 Revenue Code;

16 (b) Complies with applicable state and federal antidiscrimination and privacy laws;

17 (c) Is registered with the director of charitable trusts; and

18 (d) Has been approved by the commission for the purpose of issuing charitable grants as  
19 provided in this chapter.

20 II. "Charitable third party financial intermediary application" means a document developed  
21 by the commission and submitted by a charitable third party financial intermediary that contains at  
22 a minimum:

23 (a) The charitable third party financial intermediary's name, address, and federal  
24 taxpayer identification number.

25 (b) A contact person's name, title, and phone number.

26 (c) A signed statement that the charitable third party financial intermediary has met  
27 the eligibility requirements of paragraph I, and will comply with the provisions of this chapter.

28 III. "Charitable third party financial intermediary report" means a document developed by  
29 the commission and submitted by a charitable third party financial intermediary to the commission  
30 that shall be a public record, notwithstanding RSA 21-J:14, and contains at a minimum:

31 (a) The number of charitable grants granted under RSA 284:23, and RSA 284:22-d.

32 (b) The total dollar amount of all charitable grants granted.

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1 (c) The total dollar amount of donations spent on administrative expenses pursuant to  
2 RSA 284:22-e, I(f).

3 (d) The total dollar amount to be carried forward pursuant to RSA 284:22-e, I(g).

4 (e) The total dollar amount of donations used and not used for charitable grants.

5 (f) The number of charitable grants granted.

6 (g) The number of charitable grants distributed by the organization, per charitable  
7 gaming facility, and the dollar range of those charitable grants.

8 (h) An analysis, broken down by zip code, of the place of incorporation for each  
9 charitable organization receiving charitable grants under this program.

10 (i) A signed statement that the charitable third party financial intermediary  
11 acknowledges compliance with the provisions of this chapter.

12 IV. "Commission" means the lottery commission.

13 284:22-d Advanced Deposit Account Wagering.

14 I. Advance deposit wagering is authorized for pari-mutuel betting on horse racing under this  
15 chapter if conducted in compliance with this section and the Interstate Horseracing Act of 1978,  
16 United States Code, Title 15, section 3001 et seq.

17 II. It is unlawful for any person or entity to accept an advance deposit wager from a New  
18 Hampshire resident unless the person or entity is a licensed advance deposit wagering provider in  
19 the state of New Hampshire.

20 III. Before accepting an advance deposit wager from a New Hampshire resident, a licensed  
21 advance deposit wagering provider shall demonstrate evidence of financial responsibility in a format  
22 prescribed by the commission through a surety bond executed and issued by an insurer authorized to  
23 issue surety bonds in this state, an irrevocable letter of credit, or other form of financial guarantee in  
24 an amount to be determined by the commission. The commission may also accept, as evidence of  
25 financial responsibility, a surety bond, an irrevocable letter of credit, or other form of financial  
26 guarantee in accordance with this subdivision filed with one or more states where the applicant is  
27 licensed as an advance deposit wagering provider. The commission may ask for additional evidence  
28 of financial responsibility at any time the commission deems necessary. Any surety bond, an  
29 irrevocable letter of credit, or other form of financial guarantee issued under this subdivision shall  
30 be in favor of this state and shall specifically authorize recovery by the commission for the payment  
31 of all revenues required by this chapter.

32 IV. The commission shall not license or authorize a person or entity to conduct advance  
33 deposit wagering under this section unless the person or entity has submitted, and the commission  
34 approved, a plan of operation for advance deposit wagering. At a minimum, the plan of operation  
35 shall provide for:

36 (a) Methods of resolving disputes with account holders;

37 (b) Procedures to protect the security of account holders' accounts and information;

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1 (c) Methods to verify the identity of account holders and ensure that all account holders  
2 are natural persons who are at least 18 years of age;

3 (d) Procedures to ensure that wagers are only accepted from account holders who have  
4 sufficient funds on deposit and that no credit is extended by the person to an account holder;

5 (e) Procedures for keeping accurate records of all contests, wagers, and payouts;

6 (f) Annually contracting with an independent third-party to conduct a financial audit  
7 and submit the results of the audit to the commission. If the licensed advanced deposit wagering  
8 provider is a wholly-owned subsidiary of a publicly traded company, submission of audited financial  
9 statements of the publicly-traded parent company contained in a public filing with the United States  
10 Securities and Exchange Commission shall satisfy this requirement;

11 (g) Annually contracting with an independent third-party cyber security audit and  
12 submit the results of the audit to the commission; and

13 (h) Other requirements established by the commission in rules adopted under RSA 541-  
14 A.

15 V. The plan of operation may only be amended with the approval of the commission. The  
16 commission may withdraw approval of a plan of operation for cause.

17 VI. Advanced deposit wagers shall be subject to a revenue sharing plan. Licensees shall  
18 provide the commission payment in the amount of 1.25 percent of all wagers accepted in a manner  
19 prescribed by the commission. The revenues received by the commission pursuant to this section,  
20 less the administrative costs of the commission, shall be deposited with a charitable third party  
21 financial intermediary, as defined in 284:22-c, I.

22 VII. Persons or entities that offered advanced deposit wagering services as of July 1, 2022  
23 may request permission from the commission to continue offering these services during the pendency  
24 of the licensing process. Any such person or entity shall make the request to continue offering  
25 services in writing detailing how the person or entity will meet the protections set forth in this  
26 section during the interim period before licensure. The commission may grant such request for  
27 unlicensed operation for a period not to exceed 6 months where the requestor has adequately  
28 documented acceptable financial responsibility and patron protection standards. In no event shall  
29 this permission extend past January 1, 2025.

30 VIII. The provisions of this section shall not apply to entities licensed under RSA 284:22-a  
31 who offer account wagering under the provisions of PariPool 525.

32 284:22-e Charitable Third Party Financial Intermediary; Requirements, Selection, and  
33 Reporting.

34 I. A charitable third party financial intermediary shall:

35 (a) Provide charitable grants from eligible contributions to charitable organizations, as  
36 defined in 287-D:1, IV, who are not participating in charitable gaming.

37 (b) Not restrict or reserve charitable grants for a specific charitable organization.

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1 (c) Verify a charitable organization's eligibility to apply for and receive charitable grants  
2 under this chapter.

3 (d) Not have an owner or operator who also owns or operates a charitable organization  
4 that participates in the charitable grant program under this chapter.

5 (e) Not have an owner or operator who in the last 7 years has filed for personal  
6 bankruptcy or corporate bankruptcy in a business organization or business enterprise of which he or  
7 she owned more than 20 percent.

8 (f) Not use more than 10 percent of eligible contributions used during the program year  
9 in which the contributions are collected for administrative expenses. Administrative expenses shall  
10 be reasonable and necessary for the organization's management and distribution of eligible  
11 contributions pursuant to this chapter.

12 (g) In the first program year, there shall be no carry forward of unused eligible  
13 contributions. In each program year thereafter, contributions may be carried forward to the  
14 following program year.

15 (h) Maintain separate accounts for charitable funds and operating funds.

16 (i) Not award a charitable grant to any lineal descendent or equivalent step-person of  
17 any officer, director, or employee of any charitable third party financial intermediary; and

18 (j) Limit and condition charitable grants so that they are dispersed equitably throughout  
19 the state.

20 II. An organization seeking approval as a charitable third party financial intermediary  
21 under this chapter shall submit an application to the commission each fiscal year no later than  
22 September 1. The commission shall approve or deny the application within 30 days of receipt of the  
23 application. The commission shall deny any application that fails to meet the statutory  
24 requirements and shall notify the charitable third party financial intermediary of the reasons for  
25 denial.

26 III. On or before September 1 each year, each charitable third party financial intermediary  
27 shall submit a charitable third party financial intermediary report to the commission for the most  
28 recently completed fiscal year. The charitable third party financial intermediary shall also include a  
29 charitable third party financial intermediary application if it intends to issue charitable grants  
30 under this chapter in the next fiscal year. The commission shall review the charitable third party  
31 financial intermediary report to ensure the grants meets the requirements of this chapter. If any of  
32 these requirements are not met, the commission may deny a charitable third party financial  
33 intermediary's application for subsequent fiscal years and shall notify the charitable third party  
34 financial intermediary of the reasons for denial.

35 IV. The commission shall develop rules under RSA 541-A in order to carry out the provisions  
36 of this chapter.

37 2 Rulemaking. Amend RSA 284:12, IV to read as follows:

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- 1           IV. The sale of pari-mutuel pools as authorized under RSA 284:22, RSA 284:22-a, [~~and~~] RSA  
2   284:22-b, ***and RSA 284:22-d.***  
3           3 Effective Date. This act shall take effect July 1, 2024.

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2024-0835s

AMENDED ANALYSIS

This bill allows advanced deposit wagering on pari-mutuel betting on horse racing and authorizes the lottery commission to adopt rules governing the license and regulation of such wagers.

This bill also establishes a charitable third party financial intermediary program.