

CHAPTER 215
HB 480-FN - FINAL VERSION

19Mar2019... 0974h
05/15/2019 1974s
05/30/2019 2196s
05/30/2019 2396s

2019 SESSION

19-0211
08/03

HOUSE BILL **480-FN**

AN ACT relative to sports betting.

SPONSORS: Rep. Lang, Belk. 4; Rep. Chirichiello, Rock. 6; Rep. Morrison, Rock. 9; Rep. Horn, Merr. 2;
Rep. Aldrich, Belk. 2; Rep. Janvrin, Rock. 37; Rep. Potucek, Rock. 6; Rep. Goley, Hills.
8; Rep. Soucy, Merr. 16

COMMITTEE: Ways and Means

ANALYSIS

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

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to sports betting.

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

215:1 New Chapter; Sports Betting. Amend RSA by inserting after chapter 287-H the following new chapter:

CHAPTER 287-I
SPORTS BETTING

287-I:1 Definitions. For the purposes of this chapter these words shall have the following meaning:

I. "Agent" means a party who is authorized by contract or agreement with the commission to conduct a sports book.

- II. "Authorized sports bettor" means an individual 18 years of age or older who is physically present in the state of New Hampshire when placing a sports wager with the commission or an authorized agent of the commission and is not a prohibited sports bettor.
- III. "Collegiate sports event" means a sports or athletic event participated in or offered or sponsored by a public or private institution that offers educational services beyond the secondary level.
- IV. "Commission" means the lottery commission.
- V. "Director" means the executive director of the lottery commission or designee.
- VI. "High school sports event" means a sports or athletic event participated in or offered or sponsored by a public or private institution that offers educational services at the secondary level.
- VII. "In-play sports wager" means a sports wager on a sports event after the sports event has begun and before it ends.
- VIII. "Mobile sports wagering platform" means the combination of hardware, software, and data networks used to manage, administer, record, and/or control sports wagers.
- IX. "Professional sports event" means an event at which 2 or more persons participate in a sports or athletic event and receive compensation in excess of actual expenses for their participation in such event.
- X. "Prohibited sports bettor" means:
- (a) Any member or employee of the commission and any spouse, child, sibling, or parent residing in the same household as a member or employee of the commission.
 - (b) Any principal or employee of any agent.
 - (c) Any contractor of the commission or its agents when such contract relates to the conduct of sports wagering.
 - (d) Any contractor or employee of an entity that conducts sports wagering in another jurisdiction when the bettor possesses confidential nonpublic information as a result of his or her contract or employment relating to the wager being placed.
 - (e) Any amateur or professional athlete if the sports wager is based in whole or part on a sport or athletic event overseen by the athlete's governing sports body.
 - (f) Any sports agent, owner, or employee of a team, player, umpire, referee, coach, union official, or official of a sports governing body if the sports wager is based in whole or part on a sport or athletic event overseen by the governing body which oversees the individual's sport.
 - (g) Any individual placing a wager as an agent of or proxy for a prohibited sports bettor.
 - (h) Any person under the age of 18.
- XI. "Prohibited sports event" means:
- (a) A collegiate sports event in which one of the participants is a collegiate team of a college institution that is primarily located in New Hampshire;
 - (b) A collegiate sports event that takes place in New Hampshire;
 - (c) Any high school sports event in any location;
 - (d) Any amateur sports event where the participants are primarily under the age of 18; provided that "prohibited sports event" does not include the games of a collegiate sports tournament in which a New Hampshire college team participates, nor does it include any games of a collegiate sports tournament that occurs outside New Hampshire even though some of the individual games or events are held in New Hampshire; and provided further that sports wagers are permitted on collegiate sports tournament games in which a New Hampshire college team participates only if the outcome of the wager is based on the outcome of all games within the tournament.
- XII. "Sports governing body" means the organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and participants therein.

XIII. "Sports book" means the business of accepting wagers on any sports event by any system or method of wagering.

XIV. "Sports wager" means cash or cash equivalent paid by an individual to participate in sports wagering.

XV. "Sports wagering" means wagering on sporting events or any portion thereof, or on the individual performance statistics of athletes participating in a sports event, or combination of sports events, by any system or method of wagering, including but not limited to in person communication and electronic communication through Internet websites accessed via a mobile device or computer and mobile device applications. The term sports wagering shall include, but not be limited to, single game bets, teaser bets, parlays, over-under bets, money line bets, pools, exchange wagering, in game wagering, in-play bets, proposition bets, and straight bets.

XVI. "Tier I sports wager" means a sports wager that is placed before the start of the sports event and is determined solely by the final score or final outcome of that single sports event.

XVII. "Tier II sports wager" means an in-play sports wager.

XVIII. "Tier III sports wager" means a sports wager that is neither a tier I or tier II wager.

287-I:2 Sports Book Authorized. The commission is authorized to operate a sports book for the purposes of accepting and paying sports wagers by authorized bettors within the state in conformance with the requirements of this chapter.

287-I:3 Commission Agents. The commission shall conduct sports books for sports wagering through agents selected through a competitive bid process and approved by the governor and executive council. Any such contract shall be based on the state receiving a percentage of revenue from sports wagering activities within the state. The commission shall ensure that an agent demonstrates financial stability, responsibility, good character, honesty, and integrity. In selecting an agent, the commission shall consider, at a minimum, the experience and background of the agent, the agent's ability to serve proposed locations for sports book retail operations, the agent's mobile and Internet capabilities, the agent's contribution to economic development within the state, the agent's commitment to prevention of problem gambling, to responsible gaming, and to integrity in betting. The commission shall select a group of bidders who best meet the criteria set forth in this paragraph and select from that group the agents whose bids provide the state with the highest percentage of revenue from the sports wagering activities covered by the bids, provided that the commission determines that the bidder's commitment to return said revenue percentage to the state is consistent with the bidder's commitment to meet all other criteria specified in the bid request and in applicable law. All agents shall be subject to criminal and financial background checks as prescribed by the commission.

287-I:4 Commission Directed Sports Wagering. The commission is further authorized to directly offer lottery games to authorized bettors within the state in the form of tier III sports wagers through the commission's lottery retailers subject to the provisions of this chapter. The commission may retain vendors to support the commission in operating a sports book and such vendors shall be selected through a competitive bid process and approved by the governor and executive council.

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

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

I. Any town or city may allow the operation of a sports book retail location according to the provisions of this subdivision, in the following manner, excepting that nothing in this section shall be construed to prohibit Internet or mobile wagering or lottery games involving tier III sports wagers in the jurisdiction, if so authorized by the passage of this statute.

(a) In a town, the question shall be placed on the warrant of an annual town meeting under the procedures set out in RSA 39:3, and shall be voted on a ballot. In a city, the legislative body may vote to place the question on the official ballot for any regular municipal election, or, in the alternative, shall place the question on the official ballot for any regular municipal election upon submission to the legislative body of a petition signed by 25 of the registered voters.

(b) The selectmen, aldermen, or city council shall hold a public hearing on the question at least 15 days but not more than 30 days before the question is to be voted on. Notice of the hearing shall be posted in at least 2 public places in the municipality and published in a newspaper of general circulation at least 7 days before the hearing.

(c) The wording of the question shall be substantially as follows: "Shall we allow the operation of sports book retail locations within the town or city?"

II. If a majority of those voting on the question vote "Yes", sports book retail locations may be operated within the town or city.

III. If the question is not approved, the question may later be voted upon according to the provisions of paragraph I at the next annual town meeting or regular municipal election.

IV. A municipality that has voted to allow the operation of sports book retail locations may consider rescinding its action in the manner described in paragraph I of this section.

V. An unincorporated place may allow the operation of a physical sports book retail location by majority vote of the county delegation, after a public hearing is held.

VI. The commission shall maintain a list of municipalities where sports book retail locations may be placed into operation.

287-I:7 Mobile Sports Wagering Authorized. The commission and its agents are authorized to operate a sports books that offer tier I, tier II, and tier III sports wagers through a mobile sports wagering platform by mobile devices or over the Internet. No more than 5 mobile sports wagering agents shall be in operation at any given time. With respect to mobile sports wagering, the commission, either independently, or through its agent, shall provide:

I. Age verification measures to be undertaken to block access to and prevent sports wagers by persons under the age of 18 years.

II. Identity verification through secure online databases or by examination of photo identification.

III. That mobile sports wagers must be initiated and received within the geographic borders of the state of New Hampshire and may not be intentionally routed outside of the state. The incidental intermediate routing of mobile sports wager shall not determine the location or locations in which such a wager is initiated, received, or otherwise made.

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

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

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

287-I:8 Sports Wagering Supervision. The commission shall create a division of sports wagering which will be responsible for ensuring compliance with the requirements of this chapter and any rules

promulgated by the commission in accordance with the authorities granted under this chapter. In addition, the division, under the direction of the director and commission, shall ensure that the commission's agents and vendors comply with the following obligations:

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

- (a) Surveillance plans for all retail sports book locations, including surveillance coverage and direct access for the commission to the surveillance system.
- (b) User access controls for sports book personnel.
- (c) Segregation of duties within the sports book.
- (d) Employment background checks and policies.
- (e) Automated and manual risk management procedures.
- (f) Procedures for identifying and reporting fraud and suspicious conduct.
- (g) Procedures to establish connectivity with monitoring services and/or sports governing bodies relating to suspicious activity.
- (h) Any and all monitoring systems utilized by the agents or vendor to report and receive information on suspicious betting activities.
- (i) Systems and procedures to prevent prohibited sports bettors from placing wagers.
- (j) Description of anti-money laundering compliance standards.
- (k) Descriptions of all integrated third-party systems or components and the security procedures relating to those systems.

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

- (a) Documented system security testing performed by a licensed third-party contractor approved by the commission;
- (b) A description of all software applications that comprise the system;
- (c) A procedure for third-party auditing of financial transactions received by the system;
- (d) A description of all types of wagers supported by the system;
- (e) Unique identification and verification systems for wagers;
- (f) Procedures to prevent past posting of wagers;
- (g) A list of data recorded relating to each wager;
- (h) System redundancy to ensure recording of wagers during a system outage;
- (i) A mechanism to provide read only access to the commission to the back office system for the purposes of reviewing and auditing wagering activities;
- (j) Integration with an independent control system to ensure integrity of system wagering information;
- (k) Capabilities for canceling existing wagers, freezing or suspending wagering across the platform, or for specific events; and
- (l) Any other issue identified by the division upon review of the proposed gaming system.

III. Each agent engaged in sports wagering shall submit house rules for the division's review and approval prior to conducting any sports wagering within the state and every year thereafter. These house rules shall include at a minimum:

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

IV. Each agent or vendor engaged in sports wagering shall submit accounting controls for the division's review and approval prior to conducting any sports wagering within the state and every year thereafter. These accounting controls shall include at a minimum:

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

V. The commission's agents shall submit a responsible gaming plan for the division's review and approval prior to conducting any sports wagering within the state and every year thereafter. This plan should include identification of posting and materials related to problem gaming, resources to be made available to bettors expressing concerns about problem gaming, house imposed player limits, and self-exclusion programs.

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

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

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

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

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

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

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

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

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

- I. Accepting or making payment relating to sports wagers made by prohibited sports bettors.
- II. Accepting sports wagers on prohibited sports events.
- III. Accepting sports wagers from persons who are physically outside of the state of New Hampshire at the time of the sports wager.

287-I:11 Disclosure of Data Source. The commission and agents shall publicly disclose the source of the data that will be used to determine the outcome of a tier II or tier III wager.

287-I:12 Risk Management. The commission's agents may take any risk management strategies as authorized by the director.

287-I:13 Maintaining Sports Integrity. The commission and agents may participate in national and international monitoring services and associations and may share betting information with those entities and sports governing bodies in order to ensure the integrity of sports wagers and sports events. The director may restrict, limit, or exclude wagering on a sports event if he or she determines that such an action is necessary to ensure the integrity of the sports book.

287-I:14 Financial Reports. The commission may seek financial and compliance reports from its agents periodically and may conduct audits of these reports to ensure that the state receives the agreed upon revenue sharing proceeds.

287-I:15 Compliance Reviews. The commission shall retain oversight of its agents to ensure that all sports wagering activities are conducted in accordance with this statute and any rules adopted by the commission.

287-I:16 Fantasy Sports Exempted. Nothing in this chapter shall apply to fantasy sports contests authorized pursuant to RSA 287-H.

287-I:17 Rulemaking. The commission shall adopt rules, pursuant to RSA 541-A, relative to the operation, conduct, location, and oversight of sports books. The commission may enact emergency rules, which will take effect upon approval.

215:2 Bets Void. Amend RSA 338:2 to read as follows:

338:2 Bets Void. ***Except as authorized by the lottery commission***, all bets and wagers upon any question where the parties have no interest in the subject except that created by the wager are void; and either party may recover any property by him ***or her*** deposited, paid, or delivered upon such wager or its loss, and repel any action brought for anything, the right or claim to which grows out of such bet or wager.

215:3 Education Trust Fund; Sports Betting Added. Amend RSA 198:39, I(k) to read as follows:

(k) Funds collected and paid over to the state treasurer by the lottery commission pursuant to RSA 284:44, ~~and~~ RSA 284:47, ***and RSA 287-I***.

215:4 New Subparagraph; Gambling; Exceptions. Amend RSA 647:2, V by inserting after subparagraph (e) the following new subparagraph:

(f) Sports wagering as defined by RSA 287-I:1, XV.

215:5 New Chapter; Council for Responsible Gambling. Amend RSA by inserting after chapter 338-A the following new chapter:

CHAPTER 338-B
COUNCIL FOR RESPONSIBLE GAMBLING

338-B:1 Definitions. In this chapter, "council" means the council for responsible gambling.

338-B:2 Statement of Purpose. Education, prevention, and treatment relating to gambling disorders are an integral part of a responsible gaming environment within the state.

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

338-B:4 Membership.

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

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

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

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

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

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

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

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

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

215:6 Effective Date. This act shall take effect upon its passage.

Approved: July 12, 2019

Effective Date: July 12, 2019