Bill as Introduced

SB 198-FN-A – AS INTRODUCED

2001 SESSION

01-0663
08/10

SENATE BILL ***198-FN-A***

AN ACT expanding the authority of the sweepstakes commission to establish a 2-year pilot program for video lottery games at state liquor stores, and making an appropriation therefor.

SPONSORS: Sen. Gatsas, Dist 16

COMMITTEE: Ways and Means

ANALYSIS

This bill requires the sweepstakes commission, in conjunction with the liquor commission, to establish a 2-year pilot program for video lottery gaming at state liquor stores. Video lottery machines may be purchased or leased by the sweepstakes commission. Net machine income, after payment of administrative expenses incurred, shall be deposited in the education trust fund. This bill gives the sweepstakes commission certain rulemaking authority. This bill makes an appropriation to the sweepstakes commission and to the liquor commission for start-up costs necessary to implement its provisions.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT expanding the authority of the sweepstakes commission to establish a 2-year pilot program for video lottery games at state liquor stores, and making an appropriation therefor.

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

1 Definitions. In this act:

I. "Liquor commission" means the New Hampshire liquor commission as established by RSA 176:1.

II. "Net machine income" means all cash or other consideration utilized to play video lottery machines, less all cash or other consideration paid to players of video lottery machines as winnings.

III. "Sweepstakes commission" means the New Hampshire sweepstakes commission as established by RSA 284:21-a.

IV. "Technology provider" means any person or entity which designs, manufactures, installs, distributes, or supplies video lottery machines for sale or lease to the sweepstakes commission for conducting video lottery games in accordance with this act.

V. "Token" means the coin, which is not legal tender, sold by a cashier in a face amount equal to the cash paid by a player for the sole purpose of playing a video lottery machine at a state liquor store location or paid to a player of a video lottery machine, which can be exchanged for cash at state liquor store locations where video lottery machines are located.

VI. "Video lottery machine" means an electronic, mechanical, or computerized machine which, upon the insertion of cash, tokens or the payment of any consideration whatsoever, is available to be played where, by chance or skill, or both, the player may receive cash, tokens or any consideration whatsoever. Video lottery machines include, but are not limited to, slot machines and video poker machines. Video lottery machines do not include any redemption slot machines and redemption poker machines as defined in RSA 647 or video poker machines or other similar machines used for amusement purposes only and which do not disburse cash or tokens.

2 Duties of the Sweepstakes Commission. The sweepstakes commission shall:

I. Equip, in cooperation with the liquor commission, state liquor stores with video lottery machines.

II. Certify net machine income by any reasonable means.

III. Purchase or enter into lease agreements with a technology provider to provide video lottery machines at state liquor stores. Such lease agreements shall provide that the technology provider shall supply the quantity and quality of video lottery machines as determined by the sweepstakes commission in a timely and efficient manner, and shall be paid with a percentage of the

net machine income, as provided in section 10 of this act. Each agreement shall provide that the technology provider shall provide all maintenance and service of its video lottery machines at no additional charge or fee to the state. Each agreement shall also provide that the technology provider shall be required to replace 30 percent of its video lottery machines on a yearly basis.

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

V. Maintain such files and records as the sweepstakes commission determines is necessary.

VI. Cooperate with the liquor commission and the department of safety in conducting the provisions of this act.

VII. License the technology provider as provided in section 5 of this act.

VIII. Establish, by rules adopted under RSA 541-A, the value of prizes which may be awarded, and cost of play, for each video lottery game played on a video lottery machine.

IX. Adopt, in cooperation with the liquor commission and the department of safety, such rules, pursuant to RSA 541-A, as may be necessary to implement this act.

X. Establish a central computer system at a location designated by the sweepstakes commission linking all video lottery machines to a central mainframe to ensure control over the video lottery machines. The sweepstakes commission shall establish a bid procedure for such contracts.

XI. Not later than March 31 in each calendar year of this pilot program, provide a report to the fiscal committee of the general court, regarding the operation of video lottery machines. Such report shall include any recommendations for legislation.

3 Authorization of Video Lottery Machine Games. Video lottery machine gaming in conformity with this act and rules adopted pursuant to this act is hereby authorized.

4 Restrictions on Employment.

I. No member or employee of the sweepstakes commission, liquor commission, or department of safety shall play a video lottery machine in New Hampshire.

II. No member of the sweepstakes commission, department of safety, or liquor commission shall have interest in the technology provider.

5 Licensure of Technology Provider. The technology provider engaged in the business of providing, installing, or repairing video lottery machines used in this program shall be licensed by the sweepstakes commission prior to engaging in any activity authorized by this act.

6 Restriction on Technology Provider. No technology provider shall be entitled to operate video lottery machines.

7 Exclusion of Minors.

I. No person under the age of 21 shall play a video lottery machine authorized by this act.

II. No member or employee of the sweepstakes commission or liquor commission shall knowingly permit a minor to play or participate in any aspect of the play of a video lottery machine.

8 Penalty for Tampering or Manipulating. Any person who, with the intent to manipulate the outcome, payoff, or operation of a video lottery machine, manipulates the outcome, payoff, or operation of any video lottery machine by physical, electronic, or mechanical means, shall be guilty of felony.

9 Video Lottery Machine Requirements.

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

II. The sweepstakes commission shall, by rule, establish technical standards for approval of video lottery machines, including technical and electrical reliability and security against tampering, as it may deem necessary to protect the public from fraud or deception and to ensure the integrity of their operation.

III. All video lottery machines in operation shall provide a pay out of at least 87 percent on an average annual basis.

IV.(a) State liquor stores which operate video lottery machines shall not be restricted in the days or hours of operation of such machines, except as provided by subparagraph (b).

(b) The hours and days of operation shall be as determined by the liquor commission.

V.(a) The initial number of video lottery machines statewide shall be 1,000, to be distributed at the discretion and judgment of the liquor commission.

(b) The liquor commission in conjunction with the sweepstakes commission may increase or reduce the number of machines present at the state liquor stores, although the total number statewide may not be increased in excess of 2,000. The determination by both commissions shall be made after careful and due consideration of the economic conditions present at the time of the determination, including without limitation, the performance of the each particular liquor store that is housing video lottery machines, the present market conditions, and seasonal increases in tourism.

VI. The sweepstakes commission shall contract with consultants as it deems necessary to perform testing of machine and game functionality, accountability, play, and pay out as required of machines and software.

10 Distribution of Net Machine Income. Notwithstanding RSA 284:21-j, net machine income shall be distributed as follows:

I. Eighty-five percent of net machine income shall be deposited in the education trust fund established under RSA 198:39 according to the provisions of RSA 284:21-j.

II. Eight percent of net machine income shall be paid to a technology provider for fees related to the leasing and maintenance of video lottery machines.

III. Seven percent of net machine income shall be used to pay the administration fees of the sweepstakes commission, the liquor commission, and the department of safety, incurred in administering the provisions of this act, as follows:

(a) Four percent of net machine income shall be paid to the liquor commission for the purposes of hiring additional staff and the cost of space used for operation of video lottery machines.

(b) Two percent of net machine income shall be paid to the sweepstakes commission for the establishment of a centralized computer system and the calculation of all revenues generated by the operation of video lottery machines.

(c) One percent of net machine income shall be paid to the department of safety for safety enforcement in connection with this program, outside of and in the vicinity of state liquor stores.

IV. If the percentages distributed pursuant to paragraph III are more than is required to carry out the designated responsibilities of the liquor commission, sweepstakes commission, and department of safety under this program, the remaining unused balance shall be deposited in the education trust fund pursuant to RSA 284:21-j.

11 Declaration of Limited Exemption from Operation of Provisions of 15 U.S.C. section 1172. Pursuant to section 2 of an act of Congress of the United States entitled "An act to prohibit transportation of gambling devices in interstate and foreign commerce", approved January 2, 1951, being Chapter 1194, 64 Stat. 1134, and also designated as 15 U.S.C. sections 1171-1177, the state of New Hampshire, acting by and through the duly elected and qualified members of its legislature, does hereby, in accordance with and in compliance with the provisions of section 2 of that act of Congress, declare and proclaim that section 2 of that act of Congress shall not apply to any gambling device in this state where the transportation of such a device is specifically authorized by and done in compliance with the provisions of this pilot program and any rules adopted pursuant to it, and that any such gambling device transported in compliance with state law and rules shall be exempt from the provisions of that act of Congress.

12 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state of gaming devices, the registering, recording and labeling of which has been duly had by the manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States entitled "An act to prohibit transportation of gambling devices in interstate and foreign commerce, approved January 2, 1951, being chapter 1194, 64 Stat. 1134, and also designated as 15 U.S.C. sections 1171-1177, shall be deemed legal shipments into this state.

13 Appropriation. The sum of $1 is hereby appropriated to the sweepstakes commission and $1 to the liquor commission for each year of the biennium ending June 30, 2003, for start up costs necessary to implement the provisions of this act. The governor is authorized to draw a warrant for said sums out of any money in the treasury not otherwise appropriated.

14 Repeal. Sections 1-13, relative to a video lottery gaming at state liquor stores pilot program, are repealed.

15 Effective Date.

I. Section 14 of this act shall take effect July 1, 2003.

II. The remainder of this act shall take effect July 1, 2001.

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SB 198 -FN-A - FISCAL NOTE

AN ACT expanding the authority of the sweepstakes commission to establish a 2-year pilot program for video lottery games at state liquor stores, and making an appropriation therefor.

FISCAL IMPACT:

The Liquor and Sweepstakes Commissions indicate this bill will increase state revenue and expenditures by an indeterminable amount in FY 2002 and FY 2003. There will be no fiscal impact to county and local revenue or expenditures.

This bill appropriates $1 in general funds to the Liquor Commission and $1 to the Sweepstakes Commission in FY 2002 and FY 2003 for the purposes of this act.

METHODOLOGY:

This bill establishes a two-year pilot program for the operation of video lottery machines are operated in state liquor stores.

The Liquor Commission and the Sweepstakes Commission were not able to estimate all revenue and expenditures but determined the following:

Revenue:

The Sweepstakes Commission expects the video lottery machines to produce $296 per machine per day in net machine income. That estimate is based on the daily hours of operation for the liquor stores. The Sweepstakes Commission estimates there will be 365 days of operation in a year, thus $296 per day, times 1,000 machines, times 365 days, equals $108,040,000 in net machine income per year. 85%, or $91,834,000 will be deposited in the education trust fund, 8%, or $8,643,200 will be available to pay vendor costs and 7%, or $7,562,800 will be available for the expenses of the Sweepstakes and Liquor Commissions and Department of Safety.

Expenditures:

The Sweepstakes Commission was unable to estimate its expenditures.

The Liquor Commission determined the following:

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- No video lottery machines will be installed in existing store space because of safety, security and operational issues.
- Payroll costs will increase by 3% each year.
- Space to house the video lottery machines will have to be built alongside existing state-owned stores of which there are 10, the rest of the stores are leased.
- Each of the 10 additions will include a separate entrance, restrooms and security equipment and will accommodate 100 machines.
- Construction costs will average $90 per square foot. 1,000 square feet will be necessary for each of the 10 locations. $900,000 is estimated for construction costs.
- Each gaming facility will be open for 12 hours per day.
- Exact levels of staffing are unknown.
- Each gaming machine will require its own telephone line for remote diagnostics and maintenance. The installation will cost $355,000 and the monthly cost will be $30,000.
- The Liquor Commission will provide accounting/auditing staff and computer software capabilities to account for revenues and report daily earnings.
- Four new employees will be hired at each of the 10 stores. Labor grade 10, step 2 at $22,963 plus benefits at 32%, or $7,348 for a total of $1,212,440.
- $30,000 in class 50, temporary personnel will be needed to cover peak gaming hours, vacation, and sick time.
- Six new Bureau of Enforcement personnel will be hired. Labor grade 15, step 2 at $33,721 plus benefits at 32%, $10,791 or a total of $267,072.
- Two new accounting staff will be hired. One labor grade 15, step 2 at $26,345 plus benefits at 32%, or $8,430 and one labor grade 11, step 2 at $22,367 plus benefits at 32%, or $7,157; or a total of $64,299.
- There will be additional costs for vehicles, equipment and in-state travel.
- Security and related equipment will cost $2,500 per store and annual maintenance will cost $240 per year per store.
- Software development is estimated to cost $4,650.

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IV. "Technology provider" means any person or entity which designs, manufactures, installs, distributes, or supplies video lottery machines for sale or lease to the sweepstakes commission for conducting video lottery games in accordance with this act.

V. "Token" means the coin, which is not legal tender, sold by a cashier in a face amount equal to the cash paid by a player for the sole purpose of playing a video lottery machine at a state liquor store location or paid to a player of a video lottery machine, which can be exchanged for cash at state liquor store locations where video lottery machines are located.

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X. Establish a central computer system at a location designated by the sweepstakes commission linking all video lottery machines to a central mainframe to ensure control over the video lottery machines. The sweepstakes commission shall establish a bid procedure for such contracts.

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12 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state of gaming devices, the registering, recording and labeling of which has been duly had by the manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States entitled "An act to prohibit transportation of gambling devices in interstate and foreign commerce, approved January 2, 1951, being chapter 1194, 64 Stat. 1134, and also designated as 15 U.S.C. sections 1171-1177, shall be deemed legal shipments into this state.

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- $30,000 in class 50, temporary personnel will be needed to cover peak gaming hours, vacation, and sick time.
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- Two new accounting staff will be hired. One labor grade 15, step 2 at $26,345 plus benefits at 32%, or $8,430 and one labor grade 11, step 2 at $22,367 plus benefits at 32%, or $7,157; or a total of $64,299.
- There will be additional costs for vehicles, equipment and in-state travel.
- Security and related equipment will cost $2,500 per store and annual maintenance will cost $240 per year per store.
- Software development is estimated to cost $4,650.

Amendments

Sen. Gatsas, Dist. 16
January 17, 2002
2002-2213s
08/10

Amendment to SB 198-FN-A

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

AN ACT establishing a gaming oversight authority, and video lottery gaming.

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

1 New Chapter; Gaming Oversight Authority and Video Lottery. Amend RSA by inserting after chapter 287-F the following new chapter:

CHAPTER 287-G

GAMING OVERSIGHT AUTHORITY AND VIDEO LOTTERY

287-G:1 Definitions. In this chapter:

I. "Centralized data provider" means a provider of centralized gambling data, selected by the gaming oversight authority.

II "Facilities applicant" means the entity, which will participate and apply for a facilities license, as applicable.

III. "Facilities licensee" means an applicant who is issued a license by the gaming oversight authority to provide facilities and support to state operated video lottery locations.

IV. "Facilities license" means the license issued by the gaming oversight authority to a facilities licensee.

V. "Gaming oversight authority" means the authority established by RSA 287-G:2.

VI. "Sweepstakes commission" means the New Hampshire sweepstakes commission as established by RSA 284:21-a.

VII. "Technology provider" means any person or entity which designs, manufactures, installs, distributes, or supplies video lottery machines for lease to the state for conducting video lottery games in accordance with this chapter.

VIII. "Token" means the coin, which is not legal tender, sold by a cashier in a face amount equal to the cash paid by a player for the sole purpose of playing a video lottery machine at a licensed facility, which can be exchanged for cash at the same facility where the video lottery machines are located.

IX. "Video lottery machines" means an electronic, mechanical, or computerized machine licensed by the gaming oversight authority which, upon the insertion of cash or tokens is available to

be played where, by chance or skill, or both, the player may receive cash or tokens. Video lottery machines include, but are not limited to, slot machines, video poker machines, and other lottery machines. Video lottery machines shall not include any redemption slot machines and redemption poker machines as defined in RSA 647 or video poker machines or other similar machines used for amusement purposes only.

X. "Video lottery employee" means a person employed by the state in the operation of a video lottery location, including without limitation, cashiers; floormen; machine mechanics; security personnel or inspectors; and supervisors or managers.

XI. "Video lottery location" means a state operated facility authorized by the local community that contains video lottery machines operated in accordance with this chapter.

287-G:2 Gaming Oversight Authority.

I. There is hereby established the New Hampshire gaming oversight authority. The gaming oversight authority shall consist of the commissioner of safety, the commissioner of the department of resources and economic development, and the commissioner of revenue administration, or their respective designees. The commissioner of safety shall serve as the chairperson of the gaming oversight authority.

II. The gaming oversight authority or designee shall exclusively establish, staff, manage, and operate video lottery locations at facilities licensed under the provisions of this chapter. The gaming oversight authority or designee shall operate the video lottery locations at a facility provided by the facilities licensee which contains non-gaming resources such as, dining, liquor, hotel, and any other support resource approved by the gaming oversight authority. The facilities licensee shall, at a minimum, provide and pay for heat, electricity, water, sewer, and maintenance for which the facilities licensee shall receive remuneration pursuant to RSA 287-G:14, III.

III. No license shall be issued to any person under this chapter without the approval of the gaming oversight authority. The gaming oversight authority shall issue licenses only after completion of the investigations set forth in this chapter. All license applications shall be approved or denied no later than 180 days from the date of application. No license issued under the provisions of this chapter shall be assigned, transferred or sold.

IV. The gaming oversight authority shall have general responsibility for the implementation of this chapter and shall adopt rules under RSA 541-A relative to:

(a) Hearing and deciding all license applications or recommendations for the suspension or revocation of any license.

(b) Conducting all investigations required with regard to the application, suspension, or revocation of any licensee or applicant.

(c) Conducting hearings pertaining to administrative violations or rules and collecting all penalties assessed under the provisions of this chapter.

(d) Establishing standards and a reasonable fee structure for the licensing and renewal

of licenses for facilities.

(e) Establishing standards and a reasonable fee structure for the licensing and renewal of licenses for technology providers.

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

(g) Establishing criteria for licensing, suspension, and revocation.

(h) Such other rules that may be necessary to implement this chapter.

V. The gaming oversight authority shall have the authority to issue subpoenas and compel the attendance of witnesses, to administer oaths, and require testimony of witnesses under oath.

VI. Pending the adoption of rules under RSA 541-A, and notwithstanding RSA 541-A:2, the gaming oversight authority shall adopt interim rules including provisions for the publication of public notice of the period of time for the submission of facilities license applications and after public hearing and within 60 days of the effective date of this chapter. Such interim rules shall automatically expire upon the adoption of rules under RSA 541-A.

VII. No later than March 31 in each calendar year, the gaming oversight authority shall provide a report to the fiscal committee of the general court, regarding the operation of video lottery machines. Such report shall include any recommendations for legislation and any community concerns.

VIII. (a) The gaming oversight authority shall make and keep records of all proceedings of its public meetings. A copy of the transcript shall be made available to any person upon request and payment of the costs of preparing a copy.

(b) The gaming oversight authority shall keep and maintain a list of all license applicants and a record of all actions taken with respect to each applicant. A file and record of the actions by the gaming oversight authority shall be open to public inspection provided, however, that the information regarding any applicant whose license or registration has been denied, revoked, or not renewed shall be removed from such list after 5 years from the date of such action.

(c) The gaming oversight authority shall maintain such other files and records as it deems necessary. All records maintained by the gaming oversight authority may be maintained in digital format or other technology, provided that such information is capable of being produced in written form.

(d) All information and data obtained by the gaming oversight authority shall be confidential and shall not be revealed in whole or in part except as otherwise provided by law, or upon the lawful order of a court of competent jurisdiction, or with the approval of the attorney general, to a duly authorized law enforcement agency.

(e) Notice of the contents of any information or data released, except to a duly authorized law enforcement agency pursuant to subparagraph (d), shall be given to any applicant, registrant, or

licensee in a manner prescribed by the rules adopted by the gaming oversight authority.

IX. The gaming oversight authority may contract for and procure financial, economic, or security consultants and any other technical and professional services as the authority deem necessary.

287-G:3 Restrictions. No member or employee of the gaming oversight authority, the sweepstakes commission, the department of revenue administration, the department of resources and economic development, or the department of safety shall have a fiduciary interest in any technology provider, facilities licensee, or centralized data provider.

287-G:4 Licensure of Technology Provider and Centralized Data Provider. No technology provider or centralized data provider shall engage in the business of providing, installing, or repairing video lottery machines used in this program without a license issued by the gaming oversight authority.

287-G:5 Restriction on Technology and Centralized Data Provider. No technology provider or centralized data provider or their employees shall be entitled to operate video lottery machines within the state.

287-G:6 Restriction of Minors.

I. No person under the age of 21 shall play a video lottery machine authorized by this chapter.

II. No member or employee of any video lottery location, the sweepstakes commission, department of safety, the attorney general's office, or the gaming oversight authority shall knowingly permit a person under the age of 21 to play or participate in any aspect of the playing of a video lottery machine.

III. Each violation of this section shall be punishable by a fine of no more than $1,000 and shall be payable by such person who violates paragraph I.

IV. Each violation of this section shall be punishable by a fine of no more than $1,000 and shall be payable by the employee or operator licensee that is found to have violated paragraph II.

287-G:7 Penalty for Tampering or Manipulating. Any person who, with the intent to manipulate the outcome, payoff, or operation of a video lottery machine, manipulates the outcome, payoff, or operation of any video lottery machine by physical, electronic, or mechanical means, shall be guilty of a class B felony.

287-G:8 Video Lottery Machine Requirements.

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

II. All video lottery machines in operation shall pay out at least 87 percent on an annual basis.

III. The gaming oversight authority shall establish the days and hours of operation of video

lottery locations and shall not be restricted by the facilities licensee.

287-G:9 Licenses; Number of Video Lottery Machines.

I. In the initial 12 months from the effective date of this chapter, the number of video lottery machines statewide shall be limited to 3,500 to be distributed at the discretion and judgment of the gaming oversight authority, but in no case shall a single location have more than 800 machines or fewer than 300 machines.

II. Beginning 12 months after the effective date of this chapter, the gaming oversight authority may increase or decrease the number of video lottery machines present at a facilities licensee location, although the total number of machines statewide may not exceed 5,500 and no video lottery location shall possess more than 25 percent of the total number of statewide machines. The determination shall be made after careful and due consideration of the economic conditions, including but not limited to, the performance of a particular facilities licensee location that is operating video lottery machines, the present market conditions, and seasonal increases in tourism.

III. The gaming oversight authority shall issue not more than a total of 8 facilities licenses in the state of New Hampshire. Eligibility shall be based on, but not limited to the following:

(a) Evidence provided by the applicant that the applicant has received any required local approval.

(b) Regional location of prospective facilities licensee.

(c) A detailed economic plan, filed with the gaming oversight authority, for the municipality and the surrounding region where the prospective facilities licensee is located with supporting documentation to explain the following:

(1) Unemployment in the area.

(2) Direct and indirect employment gain.

(3) Effect on tourism based economy.

(4) Effect on regional economic development.

(5) Tourist trends.

(d) A business plan, filed with the gaming oversight authority, to support video lottery machines.

(e) Qualifications of those persons who own or manage the prospective facilities licensee facility.

(f) Regional population.

(g) Vehicle traffic.

(h) Total square footage of the facility and total acreage of such facility.

(i) Availability of suitable infrastructure.

(j) Availability of adequate parking.

(k) Other information that the gaming oversight authority may require.

287-G:10 Application and License Requirements.

I. A facilities licensee applicant shall obtain a facilities license from the gaming oversight authority. An applicant shall complete and sign an application on the forms prescribed by the gaming oversight authority. The application shall include the full name, residence, date of birth, and other personal identifying information of the applicant, and if a corporation or other form of business enterprise, the same information shall be provided with respect to each partner, trustee, officer, director, and any shareholder or other holder who owns more than 5 percent of the legal or beneficial interests of such entity. All such business entities shall be registered with the secretary of state.

II. The gaming oversight authority shall refer applications to the attorney general who shall conduct an investigation. The investigation may be conducted through any appropriate state or federal law enforcement system and may seek information as to the applicant's financial, criminal or business background, or any other information which the attorney general, in his or her sole discretion, may deem relevant to the subject's fitness to be associated with the ownership or management of the operation of a facilities licensee in New Hampshire, including but not limited to, the subject's character, personal associations, and the extent to which the subject is properly doing business in the manner in which it purports to operate. The attorney general shall report the results of the investigation to the gaming oversight authority within 90 days after the receipt of the application. Notwithstanding any other law to the contrary, the results of any such investigation shall be confidential and shall not be subject to disclosure or to public inspection.

III. In any investigation conducted pursuant to paragraph II, the attorney general or any duly authorized member of the attorney general's staff may subpoena the attendance of witnesses and require the production of such correspondence, documents, books and papers as deemed advisable, and for purposes of this section, may administer oaths and take the testimony of witnesses.

287-G:11 Licensure Requirements.

I. No facilities license shall be issued by the gaming oversight authority unless the applicant has proven to the satisfaction of the gaming oversight authority by clear and convincing evidence:

(a) The financial stability based on audited financial statements, integrity, and responsibility, considering, without limitation, bank references, business and personal income and disbursement schedules, tax returns and other reports filed with governmental agencies, and business and personal accounting and check records and ledgers.

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

(c) The good character, honesty and integrity, considering, without limitation, information pertaining to reputation, criminal record, business activities, and financial affairs covering at least the 10 year period immediately preceding the filing of the application.

(d) In addition, no facilities license shall be issued by the gaming oversight authority to any applicant unless the applicant has proven to the satisfaction of the gaming oversight authority by clear and convincing evidence that each director, officer or similar principal employee and each direct or indirect owner satisfies the standards for licensure contained in RSA 287-G:10.

(e) The gaming oversight authority may, in its discretion, waive the qualification requirement for any such person who is not significantly involved in the activities of the applicant, does not have the ability to significantly influence or control the applicant, or for other good cause, only when written justification is provided.

(f) Except as provided in this chapter, no person who owns, directly or indirectly, legally or beneficially, 5 percent or less of the equity securities or 50 percent or less of the outstanding debt securities of a publicly traded holding company of an applicant for a facilities license shall be required to be qualified pursuant to the provisions of this section prior to the issuance of such a license to the applicant.

(g) If a facilities licensee has 25 or fewer holders of its equity securities, either directly or indirectly, legally or beneficially, then each such holder shall satisfy the standards of this chapter.

II. No technology provider's license shall be issued by the gaming oversight authority after recommendation by the sweepstakes commission unless the applicant has demonstrated to the satisfaction of the gaming oversight authority by clear and convincing evidence that it satisfies the standards contained in paragraph I of this section. The sweepstakes commission shall establish the form of application that shall be completed by each applicant for a technology provider's license. Each technology provider license applicant shall be subject to the investigation set forth in RSA 287-G:10 except that all investigatory reports shall be provided to the sweepstakes commission and the gaming oversight authority.

III. All information and data required by the gaming oversight authority, the sweepstakes commission, or the division of gaming enforcement to be furnished pursuant to this chapter, or which may otherwise be obtained by the gaming oversight authority, the sweepstakes commission, or the division of gaming enforcement in the performance of their duties under this chapter, except information regarding net machine income, shall be considered to be confidential and shall not be revealed in whole or in part except as otherwise provided by law, or upon the lawful order of a court of competent jurisdiction, or with the approval of attorney general, to a duly authorized law enforcement agency.

287-G:12 License and Investigation Fees. A non-refundable license application fee for each class or type of license to be issued under this chapter shall be $150,000.

287-G:13 Term of License. Any facilities license or technology provider's license issued pursuant to this chapter and any renewal thereof shall be valid for 5 years unless earlier suspended or revoked by the gaming oversight authority.

287-G:14 Distribution of Net Machine Income. Net machine income generated by a facilities

licensee shall be distributed and paid as follows:

I. Sixty percent of the annual net revenue shall be deposited in the property tax reduction fund established under RSA 76:3-a.

II. Fifteen percent of the net machine income shall be paid to the department of safety to be used to pay for the establishment and administration of the division of gaming enforcement.

III. Eight percent of the net machine income shall be paid to the facilities licensee as a gross lease.

IV. Six percent of the net machine income shall be paid to the technology provider for the leasing and maintenance of the video lottery machines.

V. Five percent of the net machine income shall go to the school construction and rehabilitation fund established in RSA 287-G:20.

VI. Two and one half percent of the net machine income shall be evenly distributed to the ten counties to help reduce the county tax.

VII. Two percent of the net machine income shall be paid to the centralized data provider to carry out the responsibilities outlined in this chapter.

VIII. One percent of the net machine income shall be paid to the city or town where the facilities licensee facility is located. Revenues will be distributed based on the number of video lottery machines in that location.

IX. One half of one percent of the net machine income shall be deposited in the gambling addiction prevention fund established in RSA 287-G:21.

X. Any unused portion of moneys disbursed pursuant to paragraphs II-IX shall be deposited in the general fund.

287-G:15 Gaming Oversight.

I. The gaming oversight authority or the division of gaming enforcement shall be present at all facilities licensee location at which video lottery machines are operated by the state at all times whether the facility is open to the public or not.

II. The division of gaming enforcement shall be present at all times when a video lottery machine is opened to remove or insert any drop box, hopper, or other mechanism containing money, tokens, or other items of value. The division of gaming enforcement shall be present in the count room at all times that money, tokens or other items of value utilized in video lottery machines are counted.

287-G:16 Penalties.

I. The gaming oversight authority shall have the sole and exclusive authority, following appropriate hearings and factual determinations, to impose penalties against any person for any violation of this chapter or any rule of the gaming oversight authority or the sweepstakes commission, adopted under the provisions of this chapter.

II. The gaming oversight authority shall have the authority to impose penalties upon any

person for any violation of this chapter or the rules of the gaming oversight authority as follows:

(a) Revocation or suspension of a license.

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

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

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

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

(f) Impose any sanctions provided in this paragraph individually or in combination.

III. In determining appropriate sanctions in a particular case, the gaming oversight authority shall consider:

(a) The risk to the public and to the integrity of the video lottery machine operations.

(b) The seriousness of the conduct of the person and whether the conduct was purposeful or with knowledge that it was in contravention of the provisions of this chapter or the rules of the gaming oversight authority.

(c) Any mitigating circumstances for such conduct.

(d) The prior history of the person involved.

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

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

(g) Notwithstanding the foregoing, in the event that a person receives 2 administrative penalties each in the amount of $50,000 during the term of such person's license, the gaming oversight authority shall either revoke the license for the balance of the term of the license or suspend such license for a period of 60 days, as determined by the gaming oversight authority.

287-G:17 Procedures for Adoption by Local Community.

I. Any town or city in which a facilities licensee location is situated may adopt the provisions of RSA 287-G, to allow the operation of electronic games of chance, in the following manner:

(a) In a town, the question shall be placed on the warrant of a special or annual town meeting under the procedures set out in RSA 39:3, and shall be voted on a ballot; provided, however, if the question is placed on the warrant at a special town meeting, it shall be the only question at such special town meeting. 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 5 percent 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 adopt the provisions of RSA 287-G, allowing the operation of electronic games of chance at the licensed facility located within the town and operated by the state?"

II. If a majority of those voting on the question vote "Yes," RSA 287-G shall apply within the city or town.

III. If the question is not approved, the question may later be voted upon according to the provisions of paragraph I, provided, however, that the town may consider the question at no more than one special town meeting and the annual town meeting in the same calendar year.

IV. Alternatively, the selectmen or city council may themselves adopt the provisions of RSA 287-G with a 60 percent majority vote.

287-G:18 Declaration of Limited Exemption. Pursuant to section 2 of an act of Congress of the United States entitled "An act to prohibit transportation of gambling devices in interstate and foreign commerce," approved January 2, 1951, being Chapter 1194, 64 Stat. 1134, and also designated as 15 U.S.C. sections 1171-1177, the state of New Hampshire, acting by and through the duly elected and qualified members of its legislature, does hereby, in accordance with and in compliance with the provisions of that section 2 of that act of Congress, declare and proclaim that section 2 of that act of Congress shall not apply to any gambling device in this state where the transportation of such a device is specifically authorized by and done in compliance with the provisions of this chapter and any rules adopted pursuant to it, and that any such gambling device transported in compliance with state law and rules shall be exempt from the provisions of that act of Congress.

287-G:19 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state of gaming devices, the registering, recording and labeling of which has been duly made by the manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States entitled "An act to prohibit transportation of gambling devices in interstate and foreign commerce," approved January 2, 1951, being chapter 1194, 64 Stat. 1134, and also designated as 15 U.S.C. sections 1171-1172, shall be deemed legal shipments into this state.

287-G:20 School Construction and Rehabilitation Fund Established.

I. There is established a school construction and rehabilitation fund in the state treasury. The fund shall only be used for school construction and rehabilitation projects and expenses relating to such projects. The commissioner of the department of education shall adopt rules pursuant to RSA 541-A, relative to disbursement of funds.

II. All fees collected under RSA 287-G:14, V shall be credited to the fund established in

paragraph I.

287-G:21 Gambling Addiction Prevention Fund.

I. A gambling addiction prevention fund shall be established in the state treasury. The fund shall only be used for gambling addiction prevention projects and expenses relating to the projects and shall be administered by the department of health and human services. The commissioner of the department of health and human services shall adopt rules relative to the use of funds.

II. All fees collected under RSA 287-G:14, IX shall be credited to the fund established in paragraph I.

287-G:22 Property Tax Reduction Fund. There is hereby established in the office of the state treasurer the property tax reduction fund, which shall be kept separate and distinct from all other funds. Revenue collected under RSA 287-G:14, I shall be deposited in this revolving, non-lapsing fund for the sole purpose of providing reduction of property taxes.

I. The commissioner of revenue administration shall include available moneys in the fund not to exceed $166,000,000 in the education property tax calculation required under RSA 76:8, and the same amount shall be transferred to the education trust fund in lieu of property taxes that would otherwise be collected under RSA 76:3.

II. Any remaining moneys in the fund that exceed the amount referenced in paragraph one shall be deposited in the general fund.

2 Commissioner's Warrant. Amend RSA 76:8, I to read as follows:

I. The commissioner of revenue administration shall annually calculate the proportion of education property tax to be raised by each municipality by multiplying the uniform education property tax rate by the total equalized value of all property in the municipality as determined under RSA 21-J:3, XIII for the preceding year, except property taxable under RSA 82 or RSA 83-F. ***The property tax to be raised by each community shall be proportionately reduced by the application of moneys in the education property tax reduction fund pursuant to RSA 287-G:22, I.***

3 New Paragraphs; Application of Receipts. Amend RSA 6:12, I by inserting after paragraph (iiii) the following new paragraphs:

(jjjj) Moneys deposited in the school construction and rehabilitation fund established in RSA 287-G:20.

(kkkk) Moneys deposited in the gambling addiction prevention fund established in RSA 287-G:21.

(llll) Moneys deposited in the property tax reduction fund established in RSA 287-G:22.

4 New Section; Sweepstakes Commission Supervision of Gaming Oversight Authority. Amend RSA 284 by inserting after section 21-j the following new section:

284:21-k Duties of the Sweepstakes Commission; Gaming Oversight Authority. The sweepstakes commission shall:

I. Hear and make recommendations to the gaming oversight authority all license applications for technology providers and centralized data providers.

II. Collect all license fees imposed upon any applicant and all taxes imposed by this chapter.

III. Certify net machine income by inspecting records, conducting audits, having its agents on site, or by other reasonable means.

IV. Establish a central computer system at a location designated by the gaming oversight authority linking all video lottery machines to a central mainframe to ensure control over the video lottery machines.

V. Enter into lease agreements with up to 3 technology providers to provide video lottery machines to the state. Lease agreements shall provide that the technology provider supply the quantity and quality of video lottery machines determined by the sweepstakes commission and the gaming oversight authority in a timely and efficient manner, and shall be paid with a percentage of the net machine income, as provided in RSA 287-G:14, IV. The technology provider shall provide all maintenance and service of its video lottery machines at no additional charge or fee to the state. Each agreement shall also provide that the technology provider shall be required to replace 30 percent of its video lottery machines on a yearly basis, based on the machine's revenue production.

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

VII. The sweepstakes commission shall have the authority to issue subpoenas and compel the attendance of witnesses, to administer oaths and to require testimony under oath.

VIII. Not later than March 31 in each calendar year of this program, provide a report to the gaming oversight authority and legislative fiscal committee regarding the generation of revenues of video lottery machines.

IX. The sweepstakes commission shall cause to be made and keep a record of all proceedings held at public meetings of the sweepstakes commission. A copy of the transcript shall be made available to any person upon request and payment of the costs of preparing the copy.

X. The sweepstakes commission shall keep and maintain a list of all technology provider applicants and licensed technology providers together with a record of all actions taken with respect to such applicants. A file and record of the actions by the sweepstakes commission shall be open to public inspection provided, however, that the information regarding any applicant whose license or registration has been denied, revoked, or not renewed shall be removed from such list after 5 years from the date of such action.

XI. Maintain such files and records as the sweepstakes commission and gaming oversight authority deem necessary.

XII. All information and data obtained by the sweepstakes commission under this section shall be confidential and shall not be revealed in whole or in part except as otherwise provided by

law, or upon the lawful order of a court of competent jurisdiction, or, with the approval of the attorney general, to a duly authorized law enforcement agency.

XIII. Notice of the contents of any information or data released, except to a duly authorized law enforcement agency, shall be given to any applicant, registrant, or licensee in a manner prescribed by the rules adopted by the sweepstakes commission.

XIV. Establish in conjunction with the gaming oversight authority by rules adopted under RSA 541-A, the value of prizes, which may be awarded, and the cost of play for each video lottery game played on a video lottery machine.

XV. Pending the adoption of rules under RSA 541-A, and notwithstanding RSA 541-A:18, the sweepstakes commission shall adopt interim rules after public hearing. Such interim rules shall automatically expire in accordance with RSA 541-A:19.

5 New Paragraph; Attorney General; Temporary or Contract Investigators. Amend RSA 21-M:3 by inserting after paragraph VII the following new paragraph:

VIII. The attorney general may hire temporary investigators or contract for investigatory services to facilitate background investigations required under RSA 287-G, and said investigators may be paid from licensing fees paid under RSA 287-G:12.

6 New Section; Division of Gaming Enforcement. Amend RSA 21-P by inserting after section 8 the following new section:

21-P:8-a Division of Gaming Enforcement.

I. There is hereby established a division of gaming enforcement under the supervision of an unclassified director of gaming enforcement whom shall be responsible for the following functions, in accordance with applicable laws:

(a) Manage, and hire employees for the day-to-day operation of all video lottery locations ensuring the integrity of the program. Gaming enforcement employees shall be assigned to all locations and will be present at all times whether the location is open or closed.

(b) Investigate violations of RSA 284 or RSA 287-G and the rules adopted under the provisions of RSA 284 or RSA 287-G and initiate proceedings before the gaming oversight authority for such violations.

(c) Report the results of any investigation conducted to the sweepstakes commission and the gaming oversight authority.

(d) Participate in any hearing conducted by the sweepstakes commission or gaming oversight authority.

II. The commissioner of safety shall organize the division into such units as the commissioner deems necessary.

7 Compensation of Certain State Officers; Director of Gaming Enforcement. Amend RSA 94:1-a, I by:

Inserting in Grade GG:

Department of safety	director of gaming enforcement

8 New Subparagraph; Liquor Sales. Amend RSA 178:20, V by inserting after subparagraph (u) the following new subparagraph:

(v) Facilities License. The commissioner may issue a special license to any person holding a facilities license with respect to a facilities licensee location under the provisions of RSA 287-G. Such special license shall allow the sale of liquor, wine, and beverages in a dining room, function room, gaming room, lounge, or any other area designated by the commissioner, without regard to whether meals are served within, but only during the time video lottery gaming is being conducted under RSA 287-G and pursuant to applicable state law.

9 New Subparagraph; Authorized Video Lottery Games of Chance Machines Not Prohibited. Amend RSA 647:2, V by inserting after subparagraph (c) the following new subparagraph:

(d) Video lottery machines authorized pursuant to RSA 287-G.

10 Contingent Repeal. If a constitutional amendment to the New Hampshire constitution is adopted by the voters at any time subsequent to the effective date of this act providing that the state is not the guarantor of adequate education funding, then sections 1-9 of this act shall be repealed.

11 Effective Date. This act shall take effect July 1, 2002.

2002-2213s

AMENDED ANALYSIS

This bill provides for video gambling to be regulated, establishes the division of gaming enforcement, and establishes the gaming oversight authority. This bill determines the disbursement of all proceeds of video gambling with 60 percent of the proceeds being used to reduce the state property tax and provides money for the general fund, and establishes new funds for school construction and rehabilitation, and for gambling addiction and prevention.

Committee Minutes

Date: May 16, 2001
Time: 10:15 a.m.
Room: Representatives Hall

The Senate Committee on Ways and Means held a hearing on the following:

SB 198-FN-A (New Title) establishing a gaming oversight authority and video lottery gaming

Members of Committee:

Senator D'Allesandro
Senator Barnes
Senator Gatsas
Senator Eaton
Senator Klemm
Senator Hollingworth

The Chair, Senator D'Allesandro, opened the hearing on SB 198.

Senator D'Allesandro: Good morning. I want to welcome you all to this hearing. I would like to present a few ground rules for the hearing so that everybody can be heard and we will have a very smooth and amicable session. What we are going to do is this. Senator Gatsas will introduce the legislation. We will then hear from the Representatives who have signed up for or against the legislation. We will then have a presentation by a professor. That will be about fifteen minutes in duration. I would then ask all of the other speakers to limit their remarks to three minutes. We will hear everybody. We will then have, at the end, another fifteen-minute presentation by another expert from Illinois. If your remarks are repetitive, I understand you want to get them on the record, but please consider the fact that, if they are repetitive, we have heard it before and, for emphasis, you might say, "I am supporting this for the following reasons" and end it at that. We would certainly appreciate that. It is wonderful to see so many people come out to give us testimony and we certainly appreciate your time and effort on behalf of the State of New Hampshire.

For the record, I would like to introduce SB 198-FN-A, an act expanding the authority of the sweepstakes commission to establish a two-year pilot program for video lottery games at state liquor stores and making an

appropriation therefor. The sponsor is Senator Theodore Gatsas from Manchester.

Senator Gatsas: Thank you, Chairman D'Allesandro and members of the Committee. For the record, my name is Ted Gatsas and I have the distinguished honor of being the State Senator from District 16. I appreciate the opportunity to come before you today and explain SB 198. I also want to thank all of the people who have turned out today. I look forward to a healthy dialogue that I hope will transpire throughout.

I would like to begin by sharing a quote that I believe illustrates the situation that we face today. "Our local communities are faced with constantly increasing demands for school facilities at a time when our people are already carrying a cross of taxation unequalled in American history. They cry out for relief – and if they demonstrate an obvious desire to try this voluntary method of raising revenue, then I conceive it our duty to try to execute their wishes." Governor John King, 1963 upon signing the Sweepstakes Bill into law.

59% of the people support gambling as an alternative revenue source. A recent poll conducted by the Becker Institute found that 59% of New Hampshire residents support the expansion of gaming as an alternative funding solution. More people have shown support for gaming than any other revenue source that has been offered to date – income tax, sales tax, property tax.

SB 198 would establish a two-year pilot program for video lottery machines at the ten state-owned liquor stores. This pilot program would be administered by the State agencies, resulting in 92% of the net revenues going directly to the State. SB 198 combines the efforts and successes of the Liquor Commission, Sweepstakes Commission, and the Department of Safety. A minimum of 1,000 video lottery machines will be distributed to the ten state-owned stores: Hooksett North, Hooksett South, Portsmouth, Nashua, Concord, Hampton South, Hampton North, Salem, Ashland, and Raymond. The locations are at the request of the Liquor Commission. Space to house the video lottery machines will be built alongside the existing ten state-owned stores. Each of the ten additions will include a separate entrance, rest rooms and security equipment, and will accommodate 100 machines. Each facility will be open for twelve hours per day. Four new employees will be hired at each of the ten locations, as well as six new bureau enforcement personnel, to supervise the operation.

As we have heard from testimony from Commissioner Burn at Ways & Means, right now the source of employees selling video lottery tickets at the

liquor stores really aren't doing the best they can do because they are more concerned with selling liquor and that is the way it should be because that is their source that they are deriving to pay the State. All video lottery terminals will be linked to a central computer system, monitored by the Sweepstakes Commission, which would insure the integrity of the system and provide up to the minute accounting, set up at the request of the Liquor Commission.

Gaming regulations: No person under the age of twenty-one will be allowed to play a video lottery machine. There would be no consumption of alcohol on the premises. The Liquor Commission shall have the right to refuse to allow any individual to play the video lottery machines if they feel it is appropriate.

Net machine income: These revenue estimates independently were provided by the Sweepstakes Commission. 1,000 video lottery machines times 365 days per year times $296 per machine per day equates to $108,040,000 per year.

Distribution of the income: 85% will go to the education trust fund, $91,834,000. 8% will go the technology provider, $8,643,200. 4% will go the Liquor Commission, $4,321,600. 2% will go to the Sweepstakes Commission, $2,160,800. 1% will go the Department of Safety, $1,080,400. If the funds distributed under this program to the Liquor Commission, Sweepstakes Commission and the Department of Safety are more than is required to carry out the designated responsibilities, then the remaining balances will be reverted back to the education trust fund.

Scratch tickets generated $120,000,000 out of $198,000,000 in revenue for the Sweepstakes Commission last year. The Legislature has historically raised the face value of scratch tickets with very little, if any, opposition. Even some of the most conservative, anti-gambling members of the House and Senate have voted to raise the face value from $3 to $5 in 1996 and, in 2000, from $5 to $7, and eventually to $10. The anti-gambling lobby doesn't object to the sale of scratch tickets. Isn't raising the allowable bets and payoffs on scratch tickets expanding gambling?

Video lottery versus scratch tickets: Conceptually, there is no difference between the scratch ticket that we sell or have sold and what would be offered on a video lottery machine. We currently sell games such as stud poker, black jack, dice games, slot machines, lucky 7s, lucky wheel, and other casino type games. Critics say video lottery is addictive because it is played rapidly, repetitively, and in isolation. The fact is, so are scratch tickets, yet we have not seen all of the so-called social ills that they suggest go along with it.

Here are some examples of some of the scratch tickets we just talked about. Stud poker, high roller, kitty cash, slots of luck, double jackpot, casino action. As you can see, the prices of these tickets are increasing. This is a $3 ticket. Lucky 7 is a $7 ticket.

History of New Hampshire Sweepstakes: In 1963 New Hampshire became the first state in the nation to implement a sweepstakes program. Prominent gambling critics said it would be the end of New Hampshire, as we know it. Much like arguments made today, they predicted increased crime, dramatic social costs, the breakup of families, and unreliable revenue streams. Upon signing sweepstakes into law, Governor King said, and I quote, "We were faced with a choice between compulsory taxation through the proven but harsh method of a sales tax and voluntary taxation through the sweepstakes".

Headlines that we saw in papers after passage: "It will mean moral bankruptcy for New Hampshire", *Reader's Digest.* "New Hampshire has blundered down a blind alley and may encourage other revenue starved states to do the same", *Daily News.* "The outstanding danger in New Hampshire, as poised by the undesirable elements that may attempt to muscle in", *Wagam News.* "The sweepstakes which we expect will be proven at some future time, a tragic mistake", *Union and Rockingham Gazette.*

This Senate Bill is not the first attempt at putting video lottery machines in our state liquor stores. I thought it was a novel idea. The research that we have done in the last three weeks found out that this approach appeared once before. In 1983 the Senate passed HB 281 with an amendment, which established a two-year pilot program for video lotteries at the state liquor stores. This measure passed the Senate comfortably by a 15 to 9 margin. This bill lost by a slim margin in the House – 155 to 181. That was in 1983. So, the visionary that I thought, obviously things happen in the State and you just think you are a visionary until you do some research and find out that there were other people that were thinking along those same lines.

The *Union Leader* editorial, on March 21, 1963, "New Hampshire people want the sweepstakes bill" and I quote, "No one has to buy a sweepstakes ticket or gamble against his principles or if he doesn't want to. They, New Hampshire residents, are for volunteer taxation as opposed to involuntary taxation". William Bill Loeb, publisher.

As we are well aware, the State will have a sizable deficit in the education trust fund over the next biennium. In order to fill this deficit, I have proposed a state controlled video lottery plan because I believe it is the least

onerous way of raising necessary revenues. I offer this alternative because I cannot support enacting a new broad-based tax for exclusively raising revenues on the backs of business community, which will suffer if our economy turns. An overwhelming number of my constituents have stated clearly that they are opposed a new broad-based tax and, at this point, are open to gambling as an alternative.

As I have attempted to show with SB 198, I believe that we can raise the money that we need to fund education by automating the sweepstakes program. Simply fixing the problem with money alone is not enough. If we are truly to make meaningful advancements in the effectiveness and the delivery of education, we must enact an education reform package that addresses the challenges that we face in public education today. It would begin by making excellence the goal rather than adequacy. We can achieve this by setting high standards and measuring results in order to insure educational accountability, and that the additional funds we are spending on education are making a difference rather than masking real problems.

I realize there are those who are totally opposed to any solution that involves gambling because of such so-called "ill effects". To those critics, I say this. Have we forgotten that, since 1963, New Hampshire has been using money from gambling through horse racing, dog racing, scratch tickets, and megabucks to help pay for education? As I have previously stated, when the State first instituted lotteries, some of the same critics predicted that it would change the State, as we know it, that corruption and illegal activities would prevail. Well, look around. Besides raising hundreds of millions of dollars for education, are we worse off now than we were then? The answer is no. If run properly, I have no doubt that this program will be a success. We can minimize potential social costs with a responsible state controlled operation. If not gambling or a broad-based tax, then what should the solution be?

While I support a constitutional amendment, the practical reality is that such an effort may not pass the House and the Senate. It will require support of 60% of both sides in order to get on the ballot and two-thirds of the popular vote in order to pass. Unfortunately, this question would not come to the ballot until the November, 2002 election. The problem is that the State has already obligated specific dollar amounts to cities and towns for next year. In order to meet those obligations, we need to adopt a funding plan in the next month and a half. In my Senate district alone, the municipalities have been promised an increase of $5.8 million in education funding for next year. Statewide that figure will represent approximately $56.5 million. Pursuing a constitutional amendment without a plan to fill the education funding gap is simply irresponsible. I believe that we can do both.

Unlike taxation, gambling is a voluntary activity. As I have previously referenced, the late William Loeb put it perfectly in one of his editorials when he said, "No one has to gamble if it is against his principles or if he doesn't want to". Each and every New Hampshire resident, as well as residents from other New England states board buses or hop in their cars and head down to Connecticut to gamble. These people will gamble whether we pass video lottery in New Hampshire or not. Why shouldn't we capture those lost revenues that flow into Connecticut? The fact is, much like Connecticut's scenario, a large portion of those playing the machines will undoubtedly come from out of state.

If my proposal proves to be a success, it will not only help to fill the education funding gap, it would have the potential of reducing the role of the statewide property tax in the future. If it does not prove to be successful, as anticipated, then the pilot program will simply come to an end. This calculated experience is far less risky than enacting a permanent broad-based tax.

With my new appointment to the Finance Committee, I and the other members of the Committee, are committed to going through each State agency's budget to find areas where we can reduce spending in an effort to make the funding gap smaller and in order to save the taxpayers money. I will also be looking at smaller revenue generating options that could potentially get closer to running in the black. I look forward to working hard to build a consensus around a viable solution that makes the most sense for our State and for our people. There are only a handful of options on the table. It is our responsibility to choose the one that will meet our obligations without negatively affecting a large segment of our population. I believe, like William Loeb did, that "New Hampshire residents are for voluntary taxation rather than involuntary taxation". With that, I will offer to take any questions, Mr. Chairman.

Unidentified speaker: Tape is inaudible.

Senator Gatsas: I believe, Senator, that certainly that is something that we could take a look at in the future and see what avenues we must pursue, if it does exist. If we have to do it, then certainly I believe that the towns should have that opportunity.

Unidentified speaker: Tape is inaudible. This is like my first teaching assignment in high school. No one wants to sit in front of the room. Move up. People are addressing ...(inaudible)...

Representative Nancy Ford: My name is Nancy Ford. I represent Ward 3 in Nashua. I am here in opposition to SB 198.

I think we should start by saying that there is not a person in this room who believes that this is a pilot program. It is inconceivable that 2,000 machines placed in liquor stores will ever be removed. The pilot program is a smokescreen for turning our liquor store locations into video poker playrooms.

SB 198 is another means to put slot machines into New Hampshire under whatever excuse can be made. The slot machine providers, the gambling companies, do not care where their machines go – racetracks, hotels, liquor stores, convenience stores. The money to be made is in the contracts to sell and lease and maintain the machines. There is fierce competition for these contracts, so fierce that, in February, we saw our former lottery contractor suing the new contractor for the New Hampshire business. The contracts are where the bribery and corruption has occurred in other states, out of the reach of traceable computer transactions. The gambling companies have no loyalty to a state or town or anything but money. Do not be fooled. This liquor store ploy is only one way, one more way, to turn New Hampshire into another loser state, subservient to the gambling companies.

Who is naïve enough to think that only 2,000 machines will be put in? They are to be started off in ten locations. Each one of these locations will have 100 machines. Each machine is the size of a refrigerator. 1,000 machines will require big buildings and parking spaces capable of expansion into many casinos with ATMs and all the rest. One of these locations has already been set out as the best area on 93 in Hooksett, provided with proper billboards to get our tourists in. And perhaps, at the smaller locations, we may anticipate the ultimate – New Hampshire Port-A-Slotties.

SB 198 says that the Sweepstakes Commission is in charge. Please look at this bill carefully. The Sweepstakes Commission investigates the licensees, selects them, hires all personnel, and rules supreme. It is given the power to make its own rules. It will make its own rules on crime and corruption. The Commission will be the judge, the jury, and the executioner of any infractions. There is nothing spelled out in detail as to how the Department of Safety comes into all of this. Never, never in the twenty years of slot machine legislation, do I believe there has ever been a bill that does not even mention the office of the Attorney General and its duties in regards to gambling. If there ever were an open invitation for corruption, here it is. Never has there been more complete power given to an agency than this.

Nowhere in this bill does it say that the Attorney General may investigate on his own motion. This bill could not please the gambling industry more. This Senate, this House, are being treated like innocent children before the greedy, self-serving power of the slot machine companies. Are they expecting us to hand over the State as South Carolina did? This is a sad quote from Representative John Graham Altman of South Carolina. "South Carolina is no longer a sovereign state. It's been taken over by the new carpetbaggers, the men in three-piece suits who control the gambling." Are we to be added to the "loser" states where nothing happens without the permission of the gambling industry?

I am surrounded in this room by the people of New Hampshire who do not want slot machines ruining our lovely State. I am also surrounded, silently, by the 11,000 to 18,000 people in our state who will become hard-core addicts, losing their money, their families, their friends, and their souls to the depths of despair. We are appalled at the 168 people who died in the Oklahoma City bombing. If the West Nile virus attacked 2,000 of our people, we would call out all of our resources. And yet, we propose to throw away the lives of 18,000 people, our own people, the people we have taken an oath to protect, victims of the State's desire for revenue and a vicious, uncaring octopus of the slot machine industry. Among those victims will be the spouses and the children and the grandchildren of those who sit in this, our Legislature. How will any of us feel if we have contributed, by our vote, to the destruction of those we love the most?

That is all I have to say. SB 198 must be defeated. Thank you.

Please see Representative Ford's typewritten testimony attached hereto and referred to as Attachment #1.

Unidentified speaker: Tape is inaudible.

Representative Ford: I am aware that there are many states that have tried this and all of them are in trouble. Connecticut put in this huge Foxwoods. Connecticut today has a deficit much worse; the slums of Hartford and Bridgeport have not been improved. It has done nothing to help Connecticut. If West Virginia puts it in, New Hampshire does not have to.

Unidentified speaker: Tape is inaudible.

Representative Ford: I don't think it is 30 or 40%. However, these people are bringing back their problems to New Hampshire. We will have to have welfare problems and all of the things that go with slot machines in

Connecticut will transfer to New Hampshire. Plus, the nearer a casino is, the more people you are going to get. 18,000 is a minimal figure.

Unidentified speaker: Tape is inaudible.

Representative Ford: Much longer.

Unidentified speaker: Tape is inaudible.

Representative Ford: We don't even have a New Hampshire council on problem gambling. In Massachusetts, they have noticed all kinds of increases from the people that go to Connecticut.

Unidentified speaker: Tape is inaudible.

Representative Ford: We have no New Hampshire commission on compulsive gambling, but the one in Massachusetts is overloaded with people.

Unidentified speaker: Tape is inaudible.

Representative Ford: One our State legislators has told about what has happened to her husband because he was a gambler. Certainly we can find people for you if you need them whose lives have been devastated.

Unidentified speaker: Tape is inaudible.

Representative Ford: I believe so.

Unidentified speaker: Tape is inaudible.

Representative Ford: I know that there is an income tax in the state of Connecticut. But, neither one of them are helping out with their deficit problems.

Unidentified speaker: Tape is inaudible.

Representative Ford: I would answer, are you aware of the social costs that go with that?

Unidentified speaker: Tape is inaudible.

Representative Ford: I would ask you to talk to the Connecticut Council on Compulsive Gambling.

Unidentified speaker: Tape is inaudible.

Representative Raymond Buckley: Thank you, Mr. Chairman and members of the Committee. For the record, I am Representative Raymond Buckley. I serve the New Hampshire House representing Hillsborough County District 44, which is Manchester's Ward 8. I am here in support of Senator Ted Gatsas' effort to bring an innovative, I thought new as well as he did, idea to the issue of gaming here in New Hampshire.

Senator Gatsas should be applauded for a thoughtful, well-reasoned and responsible suggestion as we grapple with both the need to resolve the education funding crisis and the public's desire to increase legal, regulated gaming.

Today, you will hear the desperate pleas of New Hampshire's far left and far right in their unholy alliance to squash the overwhelming majority of New Hampshire in their desire to have legal and safe gaming.

The people of New Hampshire know better and, in poll after poll, in survey after survey, they emphatically state, without equivocation, that expanded gambling is their number one choice in resolving education funding.

People of New Hampshire see through the thinly veiled political posturing of the political extremes that are represented here today. But, certainly, not on the main streets of New Hampshire's towns and cities.

SB 198 offers a viable option and Senator Gatsas should be applauded for bringing it forward. Much of what you will hear today are the exact same histrionics and scare tactics that were used forty years ago when Representative Larry Pickett of Keene then sponsored the introduction of the Sweepstakes Commission. I was amazed that Senator Gatsas brought up those exact same quotes that you're going to spend several hours today hearing from. The same sort of retreat speeches that were brought out of the barns of those from the far left and the far right that were against the institution of Sweepstakes back forty years ago. Senator Barnes, I'm sure you remember that argument quite well from that time. Representative Pickett was attacked for bringing forward the Sweepstakes Commission and bringing "sin and destroying New Hampshire's families". The same old song, just a different generation. The time is long gone for the simplistic "war cries" of the extreme left and right here in New Hampshire.

I have to tell you, although my family has been for generations, here in the State of New Hampshire, I don't recall a single time where either a parent or grandparent, an aunt or uncle, either went to a casino or bought a scratch

ticket. No members of my family are gamblers. But, when asked what is their preference, they choose allowing video lottery because that is, just as the arguments forty years ago were, that is a voluntary tax, that is a way that people can choose. It is something that you do not have to do. Nobody forces somebody to become addicted to anything. They become addicted to something or they enjoy something with their own free will.

Over the years, though, I have had the opportunity to be employed in various stores, both in a liquor store and two times in a regular retail store that sell lottery tickets. For those who will come before you today and say there is a significant difference between the people that are buying row after row of scratch-off tickets and sitting there and cutting them off versus putting a dollar in the machine and hitting a button. That argument just simply escapes me and I challenge any member of the Committee to go down to the Mall of New Hampshire.

Wait for about nine o'clock in the morning because, in the *Hudson News* they sell the scratch-off tickets and the senior walkers walk around. Having been in charge of opening the door to let those seniors in, there is generally a line every single morning of ten to fifteen Manchester seniors buying their scratch-off tickets and they spend about an hour going back and forth, cashing it in, buying another one, cashing it in, and they sit there as a group of people. Would someone say they are addicted to that? I don't know, but do I think that there is free will involved? Is it something that they enjoy? Clearly, because that is what brings them there day after day at the Mall of New Hampshire. I suggest that it happens all across the State as well.

One of the arguments that I heard on the radio yesterday was that the suggestion of having these machines in the liquor stores is somehow going to bring the joint sin of drinking and gambling together. Well, clearly, even though that person served in the State Senate, must not be aware of the fact that you're not able to actually consume liquor in the liquor stores. I was quite confused by his argument that somehow someone was going to be getting drunk sitting there gambling on the machines. When he testifies later on, I hope that some member of the Committee will kind of ask him why he got confused by that.

So, I applaud Senator Gatsas' effort to bring SB 198 before you and I encourage the Senate Ways and Means Committee to give serious consideration to what I believe is a very thoughtful piece of legislation.

Thank you.

Representative Richard Drisko: Good morning, gentlemen. Representative Dick Drisko from Hollis, Hillsborough 22. I speak in opposition to the bill and I come before you only to offer firsthand knowledge of the addiction and the fallout from addiction.

My son is associated with a company in Massachusetts and, at a recent audit, after having gone through five years of yearly audits, but at the most recent audit, they found that their office manager had been slowly embezzling at the rate of $100,000 a year from the bottom line of the company and when they brought suit, they found that she had been spending every weekend down in Connecticut spending the proceeds of checks that she issued, company checks that she had issued, signed the name of the President of the company on the checks, gone to the Fleet Bank and cashed them. So, the company is in heavy litigation, not only with the person, but also with the Fleet Bank. There is a fallout and it is costly.

Thank you.

Representative Christopher Reid: Thank you, Mr. Chairman and Senators. I don't know if I am a member of the extreme right or the extreme left, but I'm here to speak in opposition to the bill. I'm not going to speak about social costs and the unfunded mandate to the counties and the cities that are given no funds in this bill to deal with some of the problems that this bill will definitely bring up.

I want to talk about the effect that allowing video slots in the state will have on the politics of the State and the political ecosystem of the State. I come from this from the perspective of someone who is a Senior Assistant Attorney General and someone who was an associate independent counsel in the investigation of Interior Secretary Bruce Babbitt. My job there was to go out to Wisconsin and Minnesota, look at the money trail and look at how the gaming interests, both for this casino at a dog track and against this casino at a dog track, were spending their money in order to influence the political debate.

You know, when you build a casino in a desert, you do help the economy of the desert. There's nothing there and over a period of time, it grows. When you build a casino in a place like New Hampshire that has a vibrant tourist industry, restaurant and hotel industry, what you find is that the gambling takes money away from other pursuits like going out to eat, buying flowers for your garden, all kinds of things that happen in the New Hampshire economy. That money goes away.

Where does that money go? It goes to the management companies and the consulting companies and the machine companies who have to contract with the State. The State can't do this themselves. That money goes in the hundreds of millions of dollars out of state. And, the State, meaning the Legislature of this State, the Senate and the House and the Governor, control how much of that money these people get to keep. Now, I've heard a few people say, "You know, this will be 100% state controlled and that will solve a lot of the problems? But, in a few years, we will be asking ourselves the same question that people ask in other states when they allow video slots to come in, "who's controlling whom?"

And, what you see is, there is an economic reason. We control how many machines there are, what the odds are on the machines, whether there's competition for the machines. All those factors that affect the bottom line of these companies and it makes economic sense if a change that the Legislature can make can make a company a hundred million dollars, it's economic sense for them to spend ten, fifteen million, however many millions it takes in the Legislature of this State.

They can't spend it all on gambling. So, what they do, they're sophisticated enough to do sort of regression analysis, look at all the issues in the state and say, "where do the people that are for gambling stand on the capital punishment, on some education issue, on abortion, on all kinds of issues?" And, they say, "Well, we'll spend money in those races and we'll form groups called the "people for good education" and the "people against capital punishment", the people for this. But, we will only spend money against people who have an opposition to gambling or who are on the other side of the issue of who gets the machines or whatever.

So, all of a sudden you have a huge influx of money affecting the public policy of the State and the spending of the money has no reference to good public policy. It just has reference to gambling and that will have a devastating effect on the political ecosystem of the State.

Now, I've also heard it said here today that we're not forcing anyone to gamble. But, when you have a revenue source that can decrease quite a bit if Massachusetts puts in machines, and I can guarantee you this, these companies that are spending their millions of dollars in the Legislature are not going to say, "Hey, Massachusetts put in machines. Our revenue went down. Let's make sure that the state gets a higher percentage so their revenues stay stable." No, they will spend millions of dollars to make sure that it's the State that takes the hit, not the consulting companies, the management companies, the machine companies.

So, you are forcing every citizen of this State to gamble. You're forcing them to gamble by paying all the costs associated with a very risky revenue raising plan and no guarantee that it will solve the State's problems.

Thank you, Mr. Chairman.

Senator Below: Thank you, Mr. Chairman and members of the Committee. I rise in opposition to this proposed bill and any bill or amendment that would expand or introduce video slot machines to New Hampshire.

My opposition is based, first and foremost, because I think that this is the ultimate regressive taxation. Although technically not a tax, the reality is that the burden, the incidence of this revenue source, will fall disproportionately heavily on those who are prone to addiction to gambling. It in effect becomes a tax on addiction. It becomes a tax on the elderly, the low income, the unemployed, who have the hopes and dreams of easy money to get them out of and fix their problems. It will be a tax on those we fail to teach about basic probability in our public schools. Why? Because what we know about video slots is the longer you play, the more money you lose. It is really that simple. There is no big win to take away. We have always had gambling and that is something that will always be with us.

I am not here to express a moral position for or against gambling. People are going to do it. The question is, what is the proper role of the State in sanctioning and, in fact, promoting it? We have not always had video slot machines. This is a relatively new form of gambling. You are going to hear lots of statistics today. What we know is that, compared to most other forms of gambling, it is the fastest growing source, it has taken over most casinos as the primary source of revenue, and perhaps, not perhaps, we know for a fact that it is more addictive than other forms of gambling. Now, for many people, it is entertainment. They will go in, they will spend a budgeted amount of money and receive some entertainment and pleasure value from it. But, what we also know, regardless of the statistics, what we do know is that a disproportionate amount of the revenue will come from those people who spend too much money, beyond their budget, beyond their means. Too much of the money will come from the people who are problem gamblers, from people who are pathological gamblers.

New Hampshire does not have a good track record in terms of providing treatment and prevention services for those who have a problem with addiction. More than most any other state in the nation, except perhaps Nevada, we rely disproportionately on revenue sources that, for some people, are a problem or an addiction - alcohol sales, tobacco sales, lottery sales. Now, what is addiction? One definition is habitual behavior that has adverse

consequences. There's degrees of it. But, we know that there's all sorts of adverse consequences that result from too much alcohol consumption on too regular of a basis. Too much tobacco consumption or any amount ongoing has a cause. It has been decades since people started smoking tobacco and only in recent decades have we realized the extent of the cost in terms of public health, in terms of nursing care, in terms of individual health costs.

Only now are we starting to realize the full extent of the cost of gambling addition, particularly video slot addiction. Again, in New Hampshire, we have a disproportionate reliance on those source of revenues. We have spent less than most other states in preventing and treating those problems. We have way above average indicators of problems, particularly amongst our youth, and way below spending for the treatment of that. There is no reason to believe that gambling will be any different.

There are costs and they get shifted around. They get shifted onto the individual, to families that bear these costs, and to services that we may or may not provide in terms of mental health services, criminal justice, child abuse, the cost on business in terms of lost productivity.

Part of the nature of video slots is the lure of easy money and part of the attraction for us, as politicians, is easy money. We don't have to do a tax. The video slots are designed to keep people playing and keep people putting money in. You have the loud bells so that, as the coins pay out on a payoff, you have the steady chink, chink, chink, chink and you have a rush of adrenaline. The player is constantly stroked in terms of frequent small payouts and occasionally there is a big payout, so that there is the allusion that you are going to really get something out of this. But, the simple fact is, the simple probability is that the longer someone plays, the more money they lose. That is where the revenue comes from and what we end up with is a very regressive tax.

What we know, statistically, is that lower income, lower educated, lower levels of education people will spend more money in absolute terms as well as relative to their income on video slots than higher income people. This is not even anything like Foxwoods or Mohican Sun that is being proposed here or in slots at the racetracks. Those have the glamour and glitz of a lot of activity, the allusion of the high stake rollers at the table games. This is nothing but a warehouse or a backroom of slot machines that just systematically fleece people over time. Again, for some people that is entertainment. But, the problem is for the minority who end up contributing a large portion of the revenue for whom there is real cost.

We have the argument that people go away to Connecticut to do this. Well, people go to Florida to vacation. Are we worried about that? I think our concerns should be in terms of where the money goes in the New Hampshire economy and what is clear is that a large portion of the revenue will come from the people who are in close proximity to this activity. What we know is that proximity has a direct relationship to increase in the incidents of problem and pathological gambling. Right now, somebody has to take the day or weekend to go to Connecticut or Rhode Island. You don't do it after work. When you place this in proximity so that people can do it after work, the habitual addictive behavior is going to increase drastically. There is no reason to believe that people from Connecticut or elsewhere are going to come to New Hampshire in droves to go to a room full of slot machines.

Our obligation with regard to funding state government is for an equal and honest division of the common burden, proportional and reasonable taxation, a tax system in which we ask each person, each citizen, to pay their just share and no more. The problem, we have heard the problem that, well, our tax burdens are too high. Our tax burdens are too high on some of our citizens. However, overall, on average, we are one of the lowest tax states in the nation. Different analyses shows that we are forty-eighth or forty-ninth or fiftieth in total state and local tax burden as a percent of income. Our problem is that some people are spending ten, fifteen, twenty percent of their income just on property taxes. We need to be focusing on a way to provide the relief to those who are disproportionately taxed instead of trying to run to another tax system that increases that burden on the lowest income citizens of our state.

Let's just be clear. The only distributional analysis, comprehensive distributional analysis, that has been done of the New Hampshire tax structure shows that we tax the poor at approximately three times the rate of the very rich. We ask those who've gotten the least out of our school system, the least ability to earn an income, the bottom twenty percent, to pay approximately three times the percentage of their income as the top one percent, who have more total income than the bottom forty percent. We should be focusing on trying to make our system more just, more fair, and relieving excessive tax burdens that some of our citizens experience, not increasing the opportunity for addiction and problems.

Thank you.

Unidentified speaker: Tape is inaudible.

Unidentified speaker: Thank you, Mr. Chairman. I am going to be brief; I'm in the middle of a hearing myself.

But, I would like to thank Senator Gatsas for putting this bill in. I think it's long overdue and this provides for a pilot program. This isn't going to establish gambling forever in this State, but it is a good way of taking a look at it. Gambling is something that we are looking at now. When you read the figures every month of the numbers that are pulling in down in Connecticut, that is a good portion of New Hampshire money going down there. I don't know what has been said and I don't want to take up too much time, but I think we can't legislate morality, we can't stop people from doing this. It is going on. I know people, just two weeks ago, still went down to New Jersey. They will travel long distances. It is a habit or for recreational purposes. We talk about addiction. Well, if we want to do away with addiction, we will do away with drinking and smoking and everything else.

Now, gambling in this State is a big issue. I know a lot of people are just totally opposed to it. But, when the little old lady can go to any grocery store in this State and purchase a sweepstakes ticket at the cash register, determining whether they should get a half a gallon of milk or a quart of milk or the quart of milk and a sweepstakes ticket, I think that is out and children are watching this. No children will be allowed here. Kids see their parents every day buying lottery tickets. If we are going to stop something, who would ever put in a bill to do away with our lotteries in New Hampshire? I don't think it is going to happen.

I know there is a lot to be said on both sides. I hope that the Committee will look at this. It is a pilot program. Again, I would like to thank Senator Gatsas for doing this and I could stand here all day and talk about it, but I won't take up any more of your time. But, if you have any questions, I will be happy to answer them.

Unidentified speaker: Tape is inaudible.

Professor Kindt: From one teacher to another, I appreciate it. Thank you for inviting me to your beautiful state. Thank you for your kind attention.

I guess I will start out by saying that there are a couple of points that I would like to address in this. First is that this is a nonsustainable revenue source. This is so basic, that it is in the *World Book Encyclopedia* 1994 supplement. The funds that come in from gambling, particularly this type of gambling, are not sustainable. If Massachusetts goes with these video gambling machines, you will in fact find that your revenue sources drop off considerably. 40% would not be unreasonable.

The second point is, where does the money come from? You are talking about $100 million coming into your revenues. But, money doesn't grow on trees. Where does that $100 million come from? Well, the way this is set up here, it is going to come directly out of tourism and it is going to come directly out of the pre-existing economy. We call this cannibalization of the feeder market.

Another issue are the social costs. We talk about the ABCs of social costs. Those are new addicted gamblers. Remember, new addicted gamblers, new bankruptcies, and new crime, which is caused by the accessibility and the acceptability of gambling. This type of gambling is known as the crack cocaine of creating new addicted gamblers. This is not my terminology. This is the terminology of the sociologists. So, the cost of the new addicted gamblers, given this particular proposal, could easily be $80 million to $150 million. The new bankruptcies could easily be $50 million and the new crime costs could easily be $100 million. So, basically, there are about $3 in social and economic costs for every $1 in benefits that are coming in. This is a function of the money which is coming out of the economy and of the new addicted gamblers that are being created.

The National Gambling Impact Study Commission's Recommendation 36 said that states should not authorize this type of gambling. This is a 1999 National Gambling Impact Study Commission Recommendation 36. They also unanimously called for a moratorium on the expansion of gambling anywhere in the United States.

The way to visualize this is to look at the 35-mile feeder market. We have had some talk about the lottery. Well, that is known among sociologists as the marijuana creating new addicted gamblers and these types of problems. But, the casinos and the gambling machines that you are talking about are known as the crack cocaine of creating these problems.

Around casinos in Wisconsin, they noted that people were spending 10% less on food, 25% less on clothes, 37% had dipped into their savings in order to gamble. So, this money is coming out of your pre-existing economy.

This is a quote by Donald Trump. "I mean the casino owners are telling you exactly what is going on. They are taking money out of the pre-existing economy." People will say, "these aren't casinos". But, casinos today are 90% video gambling machines. 90% of their money comes out of video gambling machines. It is not economical to run the board games or the card games anymore from a purely basic standpoint. So, the video gambling machines are the casinos of today.

Your tourists, basically you need 50 to 52% new tourists from out of state coming in just to gamble. That is called "destination gambling". Otherwise, your gambling cannibalizes your pre-existing tourism and your pre-existing businesses.

Here is the biggest tourist state in the country – Florida, whose Department of Commerce said this type of gambling will hurt Florida's tourism industry. Evidence suggests that casino gambling would not bring in new dollars or tourists, but instead exploit what already exists in the state. A consistent result of the introduction of casino gambling has been the cannibalization of pre-existing tourism.

What about jobs? Well, there is a new study out of Australia, which is a saturated gambling economy, and they say that for every 80 machines that you damage the economy by $2 million per year.

Another example: 10 new machines, $267,000 in annual losses to the local economy.

Out of South Dakota, there are studies conducted by the state show a loss of 640 jobs in the state of South Dakota, which is about half the size of your state in population.

With regard to education, the definitive study was done by *Money Magazine* in 1996 and it basically says that funding education is better in those states which do not go down the gambling route.

Let me make this point. This is about Indian gambling. Once you authorize these machines, you are going to have Native Americans wanting to come to your State. Now, I am from the state of Illinois. We have no Native American reservations; we have no recognized Native American tribes; and yet a tribe from Oklahoma, the Miami Indians, have come to Illinois and said they are claiming 15 counties, basically, in central Illinois, almost one-third of the state. They will settle for one or two or three or four casinos. So, my question to you is, once you authorize this, the law basically says that you've got class three gaming and Native Americans can come to your State and open up casinos. So, be careful what you are voting on here because you are probably voting a lot more than what you think you are voting.

Tape change.

You have probably heard a lot about Howard Schaefer from Harvard who said gambling is an addictive behavior, make no mistake about it.

Sometimes the industry argues that it is not really an addiction, but here's the front page of the *Chicago Sun Times* where a mother allegedly killed her two children in separate instances to collect their insurance money so she could continue to gamble.

And, we have instances of serial killers. One example here of a person who says his gambling habit motivated him to engage in serial killings.

What about the addiction rate? Well, once you bring it in and authorize it, we find in Iowa before and after and that is the way to look at this. Before and after. They did a study before they brought in the casino style gambling, this video style of gambling, which is 90% of casinos, and they had a gambling addiction rate of 1.7%. Six years later, after beginning the casinos, basically in 1992, it was up to 5.4% of the public and it was a replication study. So, there is an actual increase in the number of pathological and problem gamblers as you bring in more gambling activities. The adolescent rate, we have heard some discussion of that, is double the adult rate. So, the whole next generation is coming on line with this.

Casino revenues are 27 to 55% for pathological and problem gamblers and the video gambling machines that you are talking about are set up to 75% for pathological and problem gamblers. That is the highest. The reason is because it is the crack cocaine, according the sociologists, of creating new addicted gamblers. Taxpayers societal cost is $10,000 to $52,000 per year. That is from the U.S. Congressional hearing in 1994. There are copies of that available that summarize the range of some of these costs. I take the lowest number that I think is a good number.

The teen population, double the adult rate, is the fastest growing teen addiction, according to Harvard Medical School. Notice the citations.

There is some debate about the numbers of pathological and problem gamblers. Notice this study that I pulled from 1994. I'm up to footnote 264 there at the bottom. I filled in some more studies here. They are showing prevalence rates. The lowest is Iowa at 1.7% and the prevalence rates go up to 7% of the pathological and problem gambling. So, we see a lot of these really low numbers floating around and those numbers can be challenged.

Business and personal bankruptcies are up 18 to 35% around high gambling areas, according to a study done by the American banking industry. Gambling is the fastest growing cause of bankruptcies. By 1997, it was the fourth largest cause.

Restaurants and hotels, tourists watch out, because, particularly in the way this is set up in this State, the money is going to be coming out of pre-existing restaurants, hotels and the tourist base.

Projected costs of bankruptcies. Your bankruptcies go up.

We are going pretty fast here.

U.S. Judiciary Committee hearings in 1995 said your crime goes up, you have relative increases in crime, up 100%, increasing 100% faster in the feeder markets around these types of establishments, like the Minnesota study.

Back to Florida again. When they were considering similar type of gambling in their area, the entire law enforcement establishment came out against it. Their conclusion was that it has been clearly demonstrated in other jurisdictions that a significant increase in crime and its consequences accompanies casino gambling. The Florida Department of Law Enforcement joins a large number of other criminal justice entities in opposition to any form of legalized casino gambling. It increases crime.

In that 35-mile feeder market, it is increasing 100% faster than in the non-gambling counties.

So, you are creating new criminals and new crime costs. You are also creating new prisoners, so you have to address the new prison costs that occur. So, basically, in these situations, for every $1 in revenues and you can have some really good things that these revenues are going for, you are increasing your socioeconomic costs about $3 for every $1 in benefits.

This is a study I did. It says legalized gambling activities subsidized by the taxpayers. That is basically what happens. The burden is shifted onto the population. Gambling activities are being subsidized by the taxpayers in most instances.

This is a property tax comparison between Georgia and South Carolina. This was done by Secretary of State Jim Miles in South Carolina. You have heard some talk about that. Their taxes, property taxes, went down 12%. This is in a particular gambling scenario from 1993 to 1998 in comparison with Georgia, where their property taxes went up 7.5%.

And, what about business? This is a study I did a few years ago. Negative impacts of legalized gambling on businesses. If you want to attract businesses, you don't want gambling around. Businesses are attracted by good business environment. Governor Mike Leavitt of Utah has been going

around the country saying to Fortune 500 companies, "Come locate in Utah. We are number one in new job creation. We are number two in personal income growth." He attributes it to being a non-gambling state. He is advertising his state to businesses as a non-gambling state.

Here's a cartoon of the *Des Moines Register*. Other states, we talked about Iowa already, have looked at this a bit.

So, finally, back to the National Gambling Impact Study Commission Recommendation 36 there at the bottom. The Commission recommends that states should not authorize any further convenience gambling operations and should cease and roll back existing operations.

I am ending ahead of time and I want to thank you for your kind attention. I'm sorry that I went so fast, but I will be glad to answer questions afterwards.

Please see Professor Kindt's typewritten submission attached hereto and referred to as Attachment #2.

Unidentified speaker: Tape is inaudible.

Professor Kindt: Oh, I think they do. And, basically, what you have going to some of these destination results are the recreational gamblers. Those are the people that have extra money to spend. They are going on down there. They are having a little fun. Yes, there are some addicted people that go down there as well. But, the type of establishments that you're proposing here are simply video gambling machines. They are not going to attract the recreational gambler. They are really going to feed on the people who have a problem.

And, the other thing I would point out is that the focus should not be the type of gambling, but the speed with which the money comes out of the gambling establishment. Bingo and other types of gambling activities are going, you may have noticed, with the lotteries and others, to faster and faster forms of gambling. In other words, so the person can wager faster and basically lose their money faster and that creates more of these types of problems. But, the video gambling, there is no slowness there. It is just put the money in, lose it. Put the money in, get a little bit back. Put the money in, lose it.

Senator Barnes: Tape is inaudible.

Professor Kindt: First of all, let me say I don't accept any honorarium or consultant fees for doing any of this. This is an educational thing as far as

I'm concerned. It is simply informing the public so that they can make informed intelligent decisions about this. I don't represent anyone and I have no position on this.

Senator Barnes: Tape is inaudible.

Professor Kindt: Well, that is the National Gambling Impact Study Commission. We actually supported that and that was bi-partisan legislation. It was sponsored by the U.S. Congress. They did a very extensive report. It had pro-gambling people on it. It had a couple of anti-gambling people on it. They unanimously said this type of gambling that you are proposing here, with all due respect, should not be done. They also unanimously called for a moratorium on the expansion of gambling anywhere in the United States.

Senator Barnes: Tape is inaudible.

Professor Kindt: I believe that they did. I believe that they investigated all different forms of gambling.

Senator Barnes: Tape is inaudible.

Professor Kindt: Well, you can make a judgment on that, but I would just state that the proper focus on any type of gambling is on the speed of the gambling and the faster the gambling is, the more of these problems develop and the faster they develop. That is the new addicted gambler. It is possible for a Bingo person to become addicted to gambling. Yes. But, the video gambling machines that we are talking about are the ultimate. They are the crack cocaine of creating the new addicted gamblers. Bingo is down there with the marijuana.

Senator Barnes: Tape is inaudible.

Professor Kindt: Thank you, Senator.

Senator D'Allesandro: Tape is inaudible.

Unidentified female speaker: Good morning. I, too, have this National Gambling Impact Study Commission. I would urge you folks to read it. You may feel as if you should fall asleep, but there's important information in it. This gentleman presented it very wise, but quickly. It takes more time for you to understand it, I think. It is a commission that was set up in 1997 ...(inaudible)... Congress ...(inaudible)... It is important to read and I urge you to read it.

I am opposed to this. I am going to read some of my thoughts. I certainly support many of the thoughts that were given previously. We are a people in New Hampshire and in this country, dedicated to work and to play and to worship together, helping each other and ourselves to live a life of wholesome, hardworking, and to be a whole people of mind, body and spirit, not a people wishing that things will happen, not picking up a vice to pay for our bills, but finding honest answers, not being satisfied with a quick fix. Gambling is not honest, clean and, it is sure, will not raise our revenues. What is gambling? It is betting, staking and paying a hazard. In the dictionary, gambling says, "to play for money, to risk financial speculation". The dictionary also says "to lose or squander on speculative ventures". It is a risky undertaking and a riskless speculation.

I sincerely pray God will guide all of us to the right solution and we have courage to follow through on an honest, clean action. Don't cut us from the roots of hard work, perseverance, caring for the other and accomplishments, and let us not be deceived. Be careful what we have been entrusted to do. Don't make choices today to pay for our children's education and when tomorrow comes, they will be sitting right in these seats trying to clean up the mess that we make today, if we vote for gambling.

Senator D'Allesandro: Tape is inaudible.

Howard Taylor: Good morning. I'm Howard Taylor, a citizen of Thornton and Grafton County. I hope that you would oppose any expansion of gambling.

I will just mention a couple of points that haven't been mentioned. We talk about addiction, but what we haven't talked about is the speed by which it takes place in gambling. Alcohol addiction normally takes a number of years; nicotine a little bit less. But, addiction in gambling can literally occur on a weekend, one weekend. That makes the cost very different.

The second point I would like to make is that the current young adult generation is the first generation that has grown up all their lives with gambling being socially sanctioned. As I look around here, there are probably, maybe one or two or three people who would fit in that category. All the rest of us have always had that as part of the social stigmatism in our backgrounds. We don't know what affect that will have on this generation.

We just heard in the presentation that the teenage gambling rate is twice that of adults. I think it would be very foolish to expand gambling when we know so little about what that affect is.

The third and final point I would like to make is that I happened to be in South Carolina caring for my father-in-law last year during the summer for several months and I witnessed the garishness that was there. I was amazed as I would drive at night on the rural highways and see this huge display of lights. As I approached this, where am I, in Nevada? What it was would be a mobile home that was set up there with a number of video terminals in it and these enormous lights. The state of South Carolina I would not place in a progressive category. They still fly the Confederate flag; they are still fighting the Civil War down there. But, they somehow turned the lights out on those, at least a high percentage of them. The question I have is, can't we learn from that? They apparently have and decided it wasn't worth the cost.

Final point is that I am a volunteer in the Task Force on Domestic and Sexual Violence in the Plymouth area and we know that increased gambling increases violence. Grafton County has 6% of the population in New Hampshire. It has 29% of the domestic violence homicides and we are very concerned about that. Fortunately, we've got a green book project that was funded last month that is going to begin to look into that. But, I would certainly hope that you would not do anything that might increase the experience of violence in my county.

Finally, I do some grassroots organizing and I will be watching my Representatives and those in the Plymouth area and see how they vote on this. Thank you.

Senator D'Allesandro: Tape is inaudible.

Bradford Cook, Esquire: Good morning, Senator and members of the Committee. My name is Brad Cook. I am a lawyer at Sheehan, Phinney, Bass & Green in Manchester and I represent the Roman Catholic Bishop of Manchester.

I have given you written testimony and I won't spend too much time other than to say that the Diocese is opposed to the expansion of gambling in this form or any other form as we testified in all of the bills that came before the House. There is a thoughtful quote from the late Monsignor Bolduc in the materials in which he said, "While gambling in and of itself may be morally neutral, dependency on gambling for public policy and for revenue gives it a moral charge that basically requires its marketing, requires its expansion and it can't help itself when it gets going and that has the social and societal affects that you have heard about."

I know you have a card from Bishop Thurner of the Episcopal Church who is in opposition as well, but could not stay, and other religious organizations. I was struck by something that Representative Buckley said that you would be hearing from many from the far right and the far left. The Church, at least, doesn't consider this to be a matter of right and left. It considers it to be a matter of right and wrong and going down this road, the Church believes to be bad policy, believes to be bad dependency and a bad basis on which to base our economic future, whether it be for education or a general budget.

Thank you.

Please see Attorney Cook's typewritten testimony attached hereto and referred to as Attachment #3.

Senator Barnes: Tape is inaudible.

Attorney Cook: How did I know you were going to ask me that question? Charitable Bingo, as you know Senator, is governed by its own set of rules in the State of New Hampshire, which limits the activity size, the size of the prizes, the length of time it can be run. That being said, the three Bishops I have served would be delighted, all of them, if they had never heard the word Bingo. The Church is, at least the Roman Catholic Church, is trying to de-emphasize it. You haven't seen, I heard you say a minute ago, every church in the State would be something or other. Not every Catholic Church in the State. There are very few and fewer and fewer doing it and I know Bishop McCormack's position is, as parishes have the opportunity, they get to make some of these decisions themselves, and as they have the opportunity to de-emphasize or de-activate Bingo, that is encouraged.

Senator Barnes: Tape is inaudible.

Senator D'Allesandro: Tape is inaudible.

Ralph Doolan: No, I'm against the bill. My name is Ralph Doolan. I am from Littleton, New Hampshire and my family has a forestry business journal. I, last year, got into politics and ran against Senator Burns and lost. I will publicly tell you I will never run against Senator Burns again. During that campaign, it was brought to my attention, mostly by small business people, that they were concerned about slot machines coming into the North Country. I feel, even though this bill is concerned with southern New Hampshire, that it is only the camel putting his nose under the tent and sooner or later, it will come up north and this is what concerns us when we begin to talk about taking discretionary spending out of the North Country.

Now, because of time, I want to fast forward and tell you just one story that I think adds to this. I was asked, during a campaign, to call a Mr. Joe Young in South Carolina and Joe is or was a State Senator down there and he has a large timber harvesting company, which is my industry. He employs maybe over 80 people. I said to Joe, "Look, I'm concerned about this because, in the North Country, there is always the hospitality industry and the forestry industry have always gotten along up here for years. We have kind of an alliance. But, all of a sudden, we are looking at the possibility of the gaming industry coming in with the hospitality industry and it looks like an 800-pound gorilla. How is it going to affect the forest industry?" And, his answer, the short version, was what happened was, we ended up down here with a little casino in every town with slot machines, scratch-offs, whatever they had. Invariably, I pay my men on Friday night and, because of our industry, we just have people that are inclined to go into the casino and we would end up with two, maybe three people each week losing all their money. Then they go home and they have the kind of weekend you might expect a fellow would have when he went home with no money. His wife is inclined to do what she has to do to get the groceries. Then this fellow comes back to work Monday morning, he said, and from my experience, we have now a safety problem, a production problem and a turnover problem. And, the guy we lose is not the fellow we've got the problem with, but inclined to be the fellow who was our best guy, who says "I don't want to hang around this dysfunctional crew any more". And, then he went on to tell me that it didn't take very long. I think they had it fourteen years down there and now they are gone out of South Carolina, they finally got rid of them. He went on to tell me the woes of getting rid of slot machines once you've got them in there for all the reasons we have heard here today.

So, our concern up there, the small businesses in northern New Hampshire, which is that's all we are is small businesses, with one or two exceptions, are concerned about this just being the first step. Sooner or later the slots are going to be up north. They are going to begin to drain the discretionary spending out of the North Country. We are not so concerned about the Sweeps. I have heard some shots taken at the Sweeps today. We have a perception up there that we send the money down here and then the money comes back up, so the money is still there. Senator Barnes isn't here, but we are not so concerned about Bingo because the gals get together on Monday night or Sunday night and they have their game and the money is just passed around the table. It doesn't go anywhere. But, when we get the slots up there, we perceive the money going out of there by the hundreds of thousands of dollars and this is going to drastically affect our culture and our economy in the North.

Thank you.

Senator D'Allesandro: Tape is inaudible.

Unidentified female speaker: Thank you, Senators. I am here to speak in opposition to this bill to expand gambling in New Hampshire. Gambling, as you've heard, has a significant social cost. It is based on winning because of losing. Someone's losing. It is based on desperation and it is based on the misguided hope of winning and it is based on risk and addiction and abuse. I can see no rational thought process that would lead me to feel that New Hampshire should base its revenue sourcing for education funding on anything that is based on desperation, risk and the misguided hope of winning. Education of our children needs to be far more concrete, far more predictable. And, whatever revenue source that we choose to find to fund education in New Hampshire should be long term, it should be sustainable, it should be concrete, it should be reliable, it should be fair and equitable.

If you want to be concerned about the revenues that go into the states that already have gambling or expanded gambling, then I ask you to look beyond the bright lights of Atlantic City, beyond the bright lights of Las Vegas and Foxwood and in West Virginia, and all, beyond the machines and look at the poverty in the neighborhoods surrounding those places and go ask why there is some poverty there, and start asking the folks that have been divorced and found themselves in family dysfunction because of gambling in the family and talk to those children and look at the cost to those families and those children and those spouses and those communities and those state and federal monies that have gone to support the dysfunction resulting from gambling addiction, abuse or misuse.

I have a personal story to tell you. My most favorite and dear cousin, my only cousin, who, at age thirty-five or thirty-six, I can't recall now, died about thirty-seven years ago and in fact he died as a direct result of a gambling addiction. His was based predominantly on horse racing. This was a young man who worked his way from clerk to treasurer of a company, a very reputable, well-known lawbook company. He worked really hard, he was bright. In today's economy, he would have gone from about a $25,000 to $100,000 income. Slowly, over a period of time, actually rather quickly, over a period of a couple of years, we saw changes in his behavior. He began to withdraw. He took vacations only where he could do horse racing and gambling. He began to drink more. Then suddenly, he disappeared. He had to sort things out. Then suddenly he was found dead in a hotel room under suspicious circumstances. Even at his funeral that we were want to find the money to pay for because every one of his insurance policies had been turned over to someone in debt. He had borrowed from friends. The only thing he didn't do was embezzle and I fear that that could have happened had time

gone on. It was a tremendous and devastating experience for my family and for all of us who loved him. The one grateful thing we had is that he wasn't married and had children. He is one of many, many, many stories of people who got hooked, whose lives were ruined, whose self esteem was reduced to nothing, whose life was taken away and who had devastating impact on

Tape change

...should not be based on risk. It should not be based on desperation, and it should not be based on misguided hope and on winning because someone loses.

Thank you very much.

Senator Barnes: Tape is inaudible.

Scott Labnon: Good afternoon, Mr. Chairman and Committee members. My name is Scott Labnon and I am currently the President of the New Hampshire Lodging and Restaurant Association.

We're opposed to video slots because of the unfair advantage video slot operators would have over our industry. Video slot operators would follow the gambling industry's practice of maximizing profits by holding patrons on site until as much money as possible has been lost. Thus, discretionary income would be taken away from our industry and, by the same token, make a loss of revenue in the rooms and meals tax for the State of New Hampshire.

Many existing restaurants, hotels, motels and entertainment establishments, most of them small businesses, would be negatively hurt or possibly put out of business. Information provided by the National Gambling Impact Study Commission shows that, in Atlantic City in 1978, the first year the casinos were open in that city, there were 311 taverns and restaurants. Some twenty years later, only 66 remain, despite the promise that gambling would be good for the city's businesses.

New Hampshire Lodging and Restaurant Association is also concerned about the negative impact expanded gambling would have on our State's image. Several of our cities and towns have been rated at the top of the U.S. for quality of life. Places with slots never make the top of these lists. Video slots could cost us a key element in New Hampshire's advantage to attract tourism to the State.

The Lodging and Restaurant Association urges you, the New Hampshire legislators, to do exactly what you have done in the past, and that is to resoundly defeat any expansion of legalized gambling.

Thank you for your time.

Please see typewritten testimony from Scott Labnon, attached hereto and referred to as Attachment #4.

Senator Barnes: Tape is inaudible.

Mr. Labnon: Well, we feel that it would penalize, give a few an advantage and penalize probably the majority of our industry. So, as an Association altogether, we are opposed to the expansion. That was Senator King's proposal last year, I believe.

Senator Barnes: Tape is inaudible.

Mr. Labnon: Well, that's correct. We feel a few would benefit, but there is the possibility of many being hurt by that.

Senator Barnes: Tape is inaudible.

Mr. Labnon: Well, I think that would probably do even more detriment to the State's image. Thank you, gentlemen.

Roy Stewart: Senator, you know Granite State Taxpayers is opposed to this. We are opposed to video slots anywhere. Not just in liquor stores, but anywhere in New Hampshire because it makes no economic sense.

In their book, *Business Profitability versus Social Profitability*, authors Grinois and Mustard found that video gambling costs $1.90 for each $1.00 of revenue taken in.

In Florida, which has been alluded to earlier here, a state-sponsored study concluded that video gambling costs could run as high as $3.00 for each $1.00 of revenue.

If the costs of video slots run between ninety cents and $2.00 more than $1.00 of revenue taken in, we question why anyone would propose this as a source of funding of schools or for anything else.

One point that nobody has made yet. This is a pilot program and yet, you are asking the State to invest nearly $1 million in construction costs alone. $1

million just to try this out. I think the salaries for the full-time employees was $1.2 million, for a trial, for a year.

So, for these economic reasons alone, Granite State Taxpayers vehemently opposes the expansion of gambling in New Hampshire. We believe that video slots will increase taxes, not reduce them. Therefore, we ask you to please vote SB 198 out as ITL. Thank you.

Please see Chairman Stewart's typewritten testimony, attached hereto and referred to as Attachment #5.

Peter Schmidt: Thank you, Mr. Chairman. My name is Peter Schmidt. I represent Ward 2 on the Dover City Council. I am speaking for myself.

I would like to begin by saying I feel that Representative Buckley's sneering commentaries at the beginning were unworthy of a reasoned legislative process in attempting to characterize the opponents as extreme left or extreme right when it is clear that people are approaching this, not on the basis of their political perspective, but rather on the basis of their feeling about the process of introducing gambling, expanded gambling, specifically video lottery, into this State. Their opposition is based on the their philosophy and their assessment of its viability and it has nothing to do with histrionics. As of this point, the histrionics he promised have been largely confined to his own remarks.

I would also say, Senator Gatsas, with all due respect, that if you look at your arguments more closely, I think that they really prove the opposite of what you allege, that, in point of fact, all the lotteries, sweepstakes, and so forth. I have never spent a $1 on the New Hampshire lotteries or any of the type of gambling enterprises that the State has introduced. I was mind boggled to hear the laundry list of different types of the ways to waste one's money that the State not only provides, but actively promotes. I don't watch television too much, but when I do, one of the things I have noticed is that the New Hampshire lottery is pretty heavily promoted. The reason for that is they want to increase the take, and I emphasize the word take. It was alluded that all the people who go down every morning and line up to spend their money, they are not addicts, presumably, they are just enjoying themselves. Maybe they are, but there are all kinds of things that people can do to enjoy themselves that are illegal. We proscribe the use of illegal drugs. We proscribe prostitution. We proscribe the consumption of tobacco products by children under the age of eighteen. Maybe we think that is a health issue; we are not doing it because it is a moral issue; we are doing it because it is a health issue. But, I would suggest that, on closer observation and point of

fact, that is exactly what we are seeing with the gambling industry and we should take care and pains to identify it as the gambling industry.

I heard your presentation on the exchange yesterday morning, Senator D'Allesandro, and I notice that you referred to it several times as the gaming industry. In point of fact, that is the new euphemism. Gambling has a bad name in the public's mind, that is organized gambling. Everybody likes to sit down and maybe play a little poker or pitch pennies kind of stuff where you are just having some fun. The entertainment aspect of it is something that is of value to people. I don't suppose we are going to root that out and I like to play card games, although we don't play for anything but points, we don't play for money, we play for the enjoyment of it. That is legitimate game playing. However, gambling has a bad reputation so, within the last decade or so, the industry rebaptized itself. It is now the gaming industry because it sounds better that way somehow if you don't really funnel it through your brain, if you just kinda listen to it.

Now, it has been alluded to that this is a voluntary tax. New Hampshire citizens, based on your remarks, Senator Gatsas, are in favor of voluntary taxes. But, I don't notice anything in your bill where you are trying to abolish all the mandatory taxes that the State currently collects. We have statewide property tax, we have a plethora, as it is usually referred to, of little taxes on everything in this State and, believe me, they ain't voluntary, they are mandatory. You gotta pay them. Maybe I should just send in a little note saying I decided not to pay those taxes. I don't like them anymore. So, these voluntary taxes, this is, as has been alluded to already, a cruel burden on those least able to pay and those least able to resist, those people whose lives are already very often filled with desperation and the reason they gamble is because it is their only hope of escaping from their lives of desperation. Somebody said they come in, I heard remarked about earlier this morning, $35 a week in scratch tickets. That is between $1,500 and $2,00 a year. President Bush is alleging he is going to provide tax relief for New Hampshire families and American families across the board, but for most people, it won't even come close to that kind of money that these people usually, with minimal resources, are gambling away every year in a hope of escaping from their desperate situation.

It has been stated you can't legislate morality. But, we have plenty of legislation that prohibits all kinds of things that we think are morally wrong. Now, I am opposed to gambling, to state sponsored, and state organized, and state supported, state promoted gambling on a moral basis. But, economically, it just doesn't make any sense, as we have already heard.

I hope that the Senate will not say, "Oh, the House will never pass this. Let's just vote. It's a free vote." But then the Senate will face its responsibility and defeat this bill and anything, any bill, any amendment, any form that will expand gambling in this State, especially with video lottery which, as we know from every study that has been done on it, is extremely addictive and is a crime against the people of this State.

One final remark I will say this, in my opinion, in no way can remain limited to state operated facilities. I believe that the instant this prospect would come in, not only will the Indian tribes, Indian citizens, come forward with their own desire to do it, but all the other participants in the economic process in this State will immediately attempt to have the legislation changed and, if it is not, suit will be brought. And, I believe the Supreme Court would hold that this is an illegal restraint of trade and we will see, as the image has already been presented, the camel's nose under the tent and we will see these machines in every little spot.

South Carolina spent something like thirteen years battling against these machines before finally cleansing itself of this unwise and parasitic enterprise.

So, I would be happy to take any questions if you have any. Thank you.

Arnie Arnesen: ... for New Hampshire. It is a pleasure to be here. Before I address the gambling issue, I would like to clarify something, Senator D'Allesandro.

Representative Ford was giving you some misinformation regarding the State of Connecticut. Just to make sure the record is accurate, my understanding is that the State of Connecticut is, in fact, sitting on a lot of extra cash and part of the rationale perhaps for that extra cash is that, in fact, they did level out the playing field with their tax program in the early 1990s and created an income tax. But, unlike the State of New Hampshire, the rationale for the State of Connecticut to address an income tax was that they had the highest business taxes in the United States and, at the urging of the business community, the income tax was created to lower those taxes. It was not dedicated to education and it was not dedicated to property tax relief. It, however, was dedicated to the business community. So, Foxwoods is doing well and so is the State of Connecticut.

I would like to address this bill and start out by saying there are three things I think about when I look at this issue. I think corruption happens, immorality happens and addiction happens. So, knowing that, let's push all those aside and let's just take a look at Senator Gatsas' bill.

First of all, Nancy Ford suggested that the idea that this was a pilot program is probably not true. It reminds me of being a little bit pregnant. I suspect once you start, you probably will continue to be responsible for the rest of its life. So, it will be a reality for the State of New Hampshire. But, what was interesting about your bill, Senator Gatsas, is that you are recommending that it be located at ten of the state liquor stores. My suggestion is, before we embrace that, we should probably do a traffic study and a time study. The traffic already is a problem in many of the locations that you are suggesting. This will obviously be an increase in traffic and not only will it be an increase in traffic, but then we have to see how many blue haired people will be sitting there and for how long they will be sitting there in order to accommodate the new twelve hour amount of activity during significant times of the year when obviously it is important for the rest of the economy that we have free flow of traffic. So, we have to look at it not only being cannibalization of the rest of the industry, whether it is rooms and meals or the restaurant industry. But suddenly, if you can't get here and there to business, then you will really be disruptive to New Hampshire's economy, number one.

Number two, Senator D'Allesandro, the other day you were mentioning on the exchange that there are 100 buses a day going down to Foxwoods. I thought, "100 buses a day. Holy moly! That sounds like a lot of people." Then it suddenly occurred to me, do those buses originate in New Hampshire and, by the time they get to Foxwoods, how many people are actually from New Hampshire on those 100 buses? They may start in Connecticut, they may start in Manchester, but if they only have six New Hampshire residents, I suspect that that bus activity really isn't about a New Hampshire generation of activity; it really is to accommodate a Massachusetts activity. So, in order to clarify the record, I think it is important for us to know how many actual New Hampshire people we are talking about that are schlepping down to Foxwoods to drop all their cash.

Senator Gatsas, you were also talking about the fact that there is all this money that is leaving the State and we really need to recoup it because that money is New Hampshire money. Well, if we are going to use that line of thinking, then let's talk about the approximately $75 to $100 million that is leaving in income tax dollars to Augusta, Boston and Montpelier because we have numerous people working in the State of New Hampshire that are living and residing in those surrounding taxes and you pay taxes, normally where you work, unless you are a state that doesn't have an income tax. Because the surrounding states do. All those dollars for decades have been flowing out of our coffers and in fact enhancing the health and well being of the surrounding states and not our well being.

In addition, I also want to talk about why New Hampshire? Why is the gambling industry so interested in seeing it happen here? Because we are a pawn in this game. They don't want us. They want Massachusetts. That is the big cahuna. That is the population base. That is where the cash is. We don't even want New Hampshire people to play. We actually want Massachusetts.

A couple of weeks ago, I had the benefit of addressing the Chamber of Commerce in Lawrence, Massachusetts. Let me tell you about my conversation with the Mayor of Lawrence, Massachusetts. He puts his arm around me and said, "Arnie, do gambling. Just do it because, right after you do it, I am sitting on Finneran's lap and we're getting it in Lawrence." That is what they are all waiting for; they're waiting for the weak link New Hampshire to drop and, as soon as they do, no more will Finneran say we can't, we must be pure. He will have Rhode Island, he will have Foxwoods, and now he'll have New Hampshire. And, you know what? They are all playing to the Boston market. So, if that's where we are looking for our cash, then guess what? That's where the traffic is going to stay. So, we will then be loaded down with empty video slot machines with twelve blue haired people in New Hampshire playing and not producing requisite cash. That, to me, in the long run, is the failure.

Yes, New Hampshire was the first state in the nation to bring us gambling. Thank you very much. What was it supposed to do, the bait and switch? It was supposed to be a supplement to state aid to education. In the beginning, it was so little, supplement was a joke and then it didn't supplement, then it supplanted state aid to education. Did it fix what's wrong with public education? We have had how many lawsuits involving the Claremont decision? Gambling and the lottery never solved it. Never solved it. This isn't going to solve it either. The problem is, what do we get? Not much. The question then becomes, why did we do it in the first place? Don't point to West Virginia, Senator Barnes. West Virginia is one of the poorest states and I want to know how they are doing on their SATs. So, that is not an example that I would like to role model. If we have a revenue problem, address it, don't add to your problems.

Thank you.

Unidentified female speaker: Thank you. I was starting to think my name started with a Z. I am a small business owner in New Hampshire for twenty-one years in Concord and I was next door for the insurance bill. When I heard about the gambling, I said, "I've got to get over there". It was almost like fate called me here and I will tell you why.

I am a victim. I am the product of a gambling addicted father. When I was as young as five years old, I knew what a tri-fector was, what a double was, I knew what a perfector was. I thought that was pretty cool. My father used to keep me in his car when we were going somewhere else and he would go gambling and I would wait in the car for him to come out. It destroyed our family. Why? Because my father drank because he was depressed, waiting for that big win that would take us from his shoe shop job to the next level of maybe a better life. He lived every week of his life, living for that big win. His family could barely put clothes on our backs sometimes because there wasn't enough left.

My husband is one of the 59% of the people that believes that we should have gambling in New Hampshire and that is how we should fund education. Why? Because it is not going to hurt his pocketbook. He doesn't gamble. So, it is not going to hurt his income tax, it is not going to hurt him, it is going to bring our property taxes down. I tell my husband, the few times that we go to casinos or I have gone to Bingo and I have to be very careful because I also have a tendency for that addictive personality to gamble.

When we went to casino one day, I said, 'Norm, look around you. Look carefully. Look at the pain and desperation in those faces. Not every one, mind you, but a good percentage of it." He started to look at it differently. He saw how hungry a lot of those people were for that big win to get them out of their shoe shop jobs or their retail jobs and make it, finally. If we fund education with gambling, shame on us, because we will be making the mistake of a lifetime.

I appreciate your listening to me today.

Charles Putnam: Good afternoon members of the Committee. My name is Charles Putnam. I am a special Associate Attorney General. I am Chief of the Criminal Justice Bureau of the New Hampshire Attorney General's Office.

New Hampshire Attorney Generals have opposed the expansion of legalized gambling in New Hampshire for at least twenty years. It won't come as any surprise that the current Attorney General also opposes the expansion of legalized gambling in this State.

Our concerns, however, are primarily related to the expanded burdens that legalized gambling will place on the law enforcement community and the deficiencies that we see in the bill before you.

It is important, and the Attorney General asked me to be sure that I expressed respect for opposing points of view. We understand that this is an issue that has respectable and responsible people on both sides of the issue and, although we have strong things to say about the pending legislation, we do respect the motives and motivations of the lawmakers and members of the public who have supported the bill.

But, we do see expanded video gambling as increasing the State's exposure to criminal misconduct. It will compound the financial problems of many individuals and lead to an increased level of addictive gambling behavior. The family members of persons with compulsive gambling problems will, in many instances, suffer social stigma, personal bankruptcy and abuse brought on by financial and personal stress. Already in our investigations, and Senator Barnes had asked a couple of speakers for statistics or representative anecdotes, already in our investigations into complex white collar frauds and thefts committed, we have found situations where there has been an impact from a person's gambling addiction on their criminal behavior.

State v. Rousseau was tried within a couple of years in Hillsborough North in Manchester. Mr. Rousseau was referred to occasionally in the popular press as the sausage king. He scammed primarily elderly people to fund his gambling problem. He took the life savings of elderly women and men and gambled them away. His wampum card from Foxwoods was an expanded illustrative exhibit that was shown to the jury in that case. It was a strong piece of evidence for the State.

These are real problems and they already are impacting our State. We don't see the answer to these problems to be of continued expansion of legalized gambling.

We will continue to oppose expanded gambling in principle, but we also perceive significant weaknesses in the oversight and enforcement mechanisms contained in the bill before you. We would much prefer not to oppose the bill on technical grounds, but to say that this bill is poorly drafted would unfortunately be an understatement. This bill is effectively toothless from a law enforcement and regulatory perspective. It has some similarities to the video lottery legislation that Delaware adopted, but the bill lacks nearly all of the mechanisms that would protect the integrity of the enterprise and make it possible to effectively deter criminal behavior.

I want to give you a partial list of the technical deficiencies that we have noted in the bill. There is no requirement for criminal background checks for officers, directors and key employees of the licensed providers at any level. There is no exclusion from licensure for enterprises whose officers, directors

or key employees have convictions for felony crimes, gambling offenses or offenses involving moral turpitude. All of these protections were present in the Delaware legislation. There is no audit requirement for licensees. There is no requirement for licensees to update the State when they are transferred, when the licensee's business operations are transferred to new owners or they have changes in directors or have new key employees. There is no requirement that the licensees hold the State harmless for the consequences of their illegal actions. There are no criminal background checks for employees or perspective employees to weed out persons with convictions for felony crimes, gambling offenses, or offenses involving moral turpitude. There is no requirement that the licensees open their books, their records, or their bank accounts to inspection and audit by New Hampshire officials. There is no subpoena power for persons who have to investigate or audit the practices of the licensees. The bill provides for no additional prosecutors to oversee and implement effective investigations and prosecutions. The bill does not specify the level of felony for violations of the act. Therefore, in all likelihood, the courts would construe the maximum penalty as a Class B felony. The maximum penalty for a Class B felony is 3 ½ to 7 years stand committed time, a $4,000 fine, $100,000 for a corporation. For the nature of the enterprise that we are proposing to be contracting with under this legislation, those are mere drops in the bucket.

As the Chief Law Enforcement Officer of the State of New Hampshire, the Attorney General continues to oppose the expansion of legalized gambling. We acknowledge the good faith of those who disagree with us and we also recognize our duty to you and to law enforcement, to work cooperatively to assure that the most careful control of any expansion of legalized gambling which the Legislature, in its judgment, may enact.

Thank you. I would be glad to answer any questions.

Senator Gatsas: The legislation that you're talking about is SB 198?

Attorney Putnam: Yes.

Senator Gatsas: Can you show me where in that legislation it talks about licensees?

Attorney Putnam: Yes. It talks about licensing the providers of the machines. There was a second licensing...

Senator Gatsas: Can you show me? Do you have the legislation?

Attorney Putnam: Would you like me to step aside so another speaker could come up?

Senator Gatsas: No, that's alright. Let's do it in public, please.

Attorney Putnam: Section 5 and Section 2, Roman V. I'm sorry. Roman VII of Section 2.

Senator Gatsas: OK. Fine. I will get it to him. Thank you.

Jim Rubens: I am a resident of Hanover, New Hampshire, representing the viewpoint of the Granite State Coalition Against Expanded Gambling. I just have two brief points.

Number one is to list our organizational members: the New Hampshire ... (tape change).. The New Hampshire Medical Society. I challenge you to determine whether those are the far right or the far left, those organizations. You heard from the Catholic Bishop representing about 60% of the people who, in my judgment, practice organized religion in this State. You have now heard, we can now state that every living Attorney General in the State opposes expanded gambling. Are those the left or the right? Other organizations that are part of the Granite State Coalition Against Expanded Gambling are the New Hampshire Council of Churches, the Granite State Taxpayers, the Coalition of New Hampshire Taxpayers, New Hampshire Citizens for a Sound Economy, New Hampshire Women's Lobby, New Hampshire Citizens Alliance for Action, the New Hampshire Baptist Association, the New Hampshire Psychological Association, the New Hampshire Common Sense Conservatives, and there are several more organizations that are members of the Coalition that oppose this bill.

My second point is the issue of science. We have heard from one scientist and we will hear from a second one, Professor Grinols. These are both people who do not accept money to support their research. They don't accept money to support their research from either pro or anti-gambling organizations. The question that our group hopes this Committee will begin to tackle is the acknowledgment that there are benefits to the bill. There is revenue to the State. There are entertainment services that can be quantified and Professor Grinols will talk about that. Those are benefits to the State. We also hope that the Committee will acknowledge that there are costs associated with implementing this type of policy in the State. This is a judgment to be made by the Legislature and, once you acknowledge that there are costs to engage in the science of measuring what those costs are and then measuring the costs against the benefits, that is the proper way to do the job.

Now, I bring up the question of science because the social sciences and economics have evolved over the past couple of decades. It is at the point now where we can use these sciences in the same way we use the physical sciences to determine what makes sense for we, as a state, for we as humanity. We are a progress-oriented civilization. We date back to the Greeks. We use science to determine what makes sense, what technologies we should use, what not, what public policy we should adopt and what not. I encourage this Committee not to disparage or discard the tool of science. We have heard from one scientist and we will hear from another one shortly, Professor Grinols.

I thank the Committee very much for your time.

Senator Barnes: Tape is inaudible.

Dan McLeod: Good afternoon, Senators. My name is Dan McLeod. I am President of the New Hampshire Automobile Dealers Association.

For over twenty years we have fought our own battles. Good political sense was to avoid issues that do not directly impact automobile dealers. Good advice during ordinary times. Education funding has changed the battlefield. Business interests have dug their own foxholes and stick their heads up only when their specific foxhole is being attacked. Some recent examples are the motor vehicle sales tax, the elimination of the BET and the BPT credit, the general sales tax, an increase in the rooms and meals and wheels tax, and the extension of the telecommunications tax. I am sure there are many more.

I am here today to say that gaming is new territory for the automobile dealers to be testifying on. I think you are all aware of this. But, we are here to give our support to a state controlled gaming in an effort to provide a revenue source, a voluntary revenue source, that is not reaching directly into existing business tax structure.

Thank you very much.

Senator Barnes: Tape is inaudible.

Senator D'Allesandro: Tape is inaudible.

Lloyd Heidgerd: Thank you, Senators. My name is Lloyd Heidgerd. I am a resident of Concord. I am representing only myself.

Just the appearances of this bill disturbed me as I was reading about it and I thought, "well, I'll stop in and say a couple of things". One thing is the

location of video gambling machines in liquor stores. Most of the people who go into the liquor stores would not be bothered or would not be unfairly treated by these machines. But, those who are of a compulsive type, who are likely to drink for compulsive reasons, would also be taken in by these machines. The second thing I would say is simply this. It strikes me very strange that we... Excuse me. I didn't state that correctly.

One of the big problems of living is the respect of young people for their elders. I just have a great deal of difficulty understanding how the State of New Hampshire does not responsibly, is unwilling to responsibly support education. It is hard for me to see how young people are induced to respect their elders when all we do is bring about these Band-Aid measures like gambling, which are harmful in themselves.

Thank you, gentlemen.

Senator D'Allesandro: Thank you. Is there anyone else? Tape is inaudible. Our last speaker is ... (inaudible)...

Professor Earl Grinols: Thank you for the chance to speak. My role here, I think, is just to provide a little background, a little information showing you something about the research that underlies a lot of the numbers and opinions and views that you have been hearing. So, I am going to be talking about the cost benefits and the economics of gambling. I'd like to stress, as has been mentioned already, that this is independent research, not funded by gambling groups or anti-gambling groups.

This first transparency shows some information about the geographical distribution of class three gambling and the point that I want to make here is that, you see in the bar which is the zero to 35 mile distance, that most of the revenues are coming from the people that far away, with very little from people further away. The reason this is important is that, if neighboring states put video gambling devices between themselves and New Hampshire, they will cut off most, if not the bulk of the gambling revenue that you are hoping to achieve from neighboring areas.

The other issue that is important to understand is that the money that you will be taking through video gambling devices in some sense is coming from the wrong group of people. On this particular transparency, I just want to point out this one particular fact. 37%of slot machine revenue in Montana was estimated to come from problem and pathological gamblers. Montana has no casinos, but they have many electronic gambling keno machines and so on spread throughout the state.

We could spend a lot of time giving examples of the crimes and the adverse consequences of gambling. I have just put a few here. This is 64-year old mother of seven pleading guilty to embezzling $298,000 from her employer, driving her employer out of business. This was because of a slot machine habit. The article below deals with the crime that is radiating out across New England from Foxwoods Connecticut.

This next example is from South Dakota. This is a young girl who is holding the picture of her mother, who committed suicide. I want to read to you. They call this, that she learned the ultimate cost of video gambling. This suicide was over a video gambling electronic habit.

The issue is that, by expanding the proximity to class three gambling, you are expanding the numbers of problem and pathological gamblers and the social problems associated with class three gambling. For the nation, in 1976, I am showing here three bars. This is pathological gamblers, which is a percent of the population. This is problem gamblers and this is the total. In 1976, you can see how these bars compare to the nation as we were in 1994. This is an eight state average of studies done in 1995. This, by the way, is Las Vegas. Now, they have never done any studies to find out how many pathological gamblers they have in Nevada, but there was a study that looked at the sum of the two and you can compare these bars. In a sense, you might argue that Nevada represents the end result of expansion of class three gambling.

The issue is how much this matters to society. I apologize that this doesn't all fit on here, but let me try to just quickly summarize. This is a summary of studies conducted, the earliest in 1991, but most of them since 1994. These are all original research independent of one another. Many of them were commissioned by states, some conducted by private accounting firms, others done by academics such as in Louisiana. So, this is a range of studies, some for the National Gambling Impact Study Commission. These are the costs that we want to look at – crime, business and employment costs, bankruptcy, suicide, illness, social services costs, government direct regulatory costs, family costs, abused dollars. Now notice that not all of these studies have estimated all of the costs. This study, which the State of New Hampshire has relied on, estimated the least of any of those costs. They were helpful in that they estimated illness costs, which none of the other studies did. If you just take a simple average of these studies and figure out what the costs come to, you get a number, which is 13,586. This is at the lower edge of the range that John Kindt gave you, because most of these studies intentionally have been extremely conservative and furthermore, have not estimated all the costs. So, some of the costs, for example, suicide, which is not shown here. Nobody has estimated those costs, so they are not even in the study.

This is what they mean in numbers that are more understandable, and I put these in per capita, per adult capita terms. The crime costs range across the studies. My own study, which I will get to later, if I have time, found a number of $63 per capita. But, the business and employment costs which are borne by employers and others in the society, bankruptcy, you see suicide is absent, illness. OK. These add up to about $190 per adult in an area with class three gambling. When about three, four or five years, sufficient time has passed, that the problems have become full blown.

I have applied some of these numbers to New Hampshire based on information that I was given about what you expect to get in your video gambling machine revenues. Now, I will just quickly show you how these are done. This is the range of pathology estimated by the study down at the bottom. I have given you the reference, which is a medi-study. This involves hundreds of studies and that is the best figure that we have. I have used all of that range. I have used the pathological gambler costs that were from the previous transparency and estimated for you a high, a low, and a mid-range, which is the preferred number, to figure out what the social costs would be for New Hampshire. So, mid-range is about $155.7 million a year. Now, the losses by New Hampshire residents, presuming that you get 20% of your revenue from out of state, which is the number for South Carolina when they had their video machines, is given right here. Now, if you presume that New Hampshire gets 40% out of state revenue, which I think is probably an extremely optimistic assumption and certainly not valid if neighboring states introduce machines, you could apply this number. Using the net taxes collected, and I have explained here how that was computed, the tax efficiency, which is social costs, total costs to the private sector per dollar of net tax collected, you see ranges from $2 to $3. That is a terrible tax. An ordinary tax would cost you $1.25, maybe as high as $1.45 at the high end, per dollar of tax collected. So, this tax as a social choice is a terrible choice.

I want to spend just a little time to convince you that there is hard research evidence underlying these numbers and this is just a little information about the crime study which I have conducted using all 3,165 counties in the United States from 1977 to twenty years later. Our sample ended in 1996. This is the crime rate in the United States. You will notice that around '91 it started to drop. This is an interesting phenomenon. Sociologists, psychologists, economists, everyone is trying to explain why that happened. Interestingly, the spread of class three gambling also took off at about that time. This is on the left scale. The crime rate is on the right scale. But, you see this downward trend at the same time that we have this upward trend has created a lot of confusion about the affects of class three gambling and crime. People say, 'Hey, we got a casino in this area. Crime was lower four years later. Therefore, there is no problem."

Here's what really has been happening. This divides up the counties according to those that have class three gambling and those that do not and sets the index of their crime rates to be equal in '91. So, counties without class three gambling have seen their crime rates drop along this trend. Counties with class three gambling are following the red trend and you can see that the gap is widening with time. That is the primary reason for the difference that we are observing. This is raw data and I will just quickly show a few other things and then I am nearly finished.

If you take the counties that introduced class three gambling and you take and you line them up on the year that they acquired it. Right here, this is the opening year. And, then you take a look at their crime rates, and these indexes are all given down here. Just take a look at what happened. If you averaged their rates so that they are set at 100 in the years before, you will notice that there isn't much going on before the year of opening. During the year of opening, there may even be a slight drop off in the crime rate. Nothing much happens for the next couple of years. It is about the third or fourth year that the crime rates begin to rise and that is what our study shows when you apply all the metric techniques and statistical techniques that we can to take into account other factors which cause crime. By the sixth year, about 10% of the property crime in the county and about 8%, I'm sorry, about 10% of the violent crime and 8% of the property crime is due to the presence of class three gambling and that is what causes the $63 in social costs per adult spread over the entire population of the county, if you want to measure it that way.

Now, I will end this way. People have said, 'Hey, I've been to Nevada. I have been to Las Vegas. I didn't see any crime. Looked like a perfectly fine place to me." But, this is not stuff that you are going to see by walking down the street. This is stuff that gets borne privately in homes, it gets paid for by businessmen, by relatives who have their money stolen. This is Nevada and I will just show you what we are talking about in terms of social structure. First in suicide, double the national average. Highest drop out rate for public high schools, lowest percentage of graduates who go on to college. First in debts for vehicle miles driven. First in child death by abuse. First in smoking and drinking. First in per capita bankruptcy rate. Second elevated cholesterol, etc. Now, Nevada is not the worst state in the whole country for everything, but it is an economy based almost entirely on gambling. 60% of their jobs and even more of their economy, is a gambling class three society. So, we have to learn something from Nevada.

Just to show you the orders of magnitude. This shows you the murder rate and the robbery rate. Nevada is the red bar in the middle, comparing them to Montana, Idaho, New Mexico, neighboring western states.

Now, my last transparency. This is just one thing that I would like to point out. The gambling industry claims that all this increase in crime and problems is due to nothing more than the fact that you have attracted a lot of visitors. But, this is not quite the case. It is more than just visitors. It is the type of visitors that you are attracting.

What I have shown here on two scales is, the crime rate, when you divide not only by the local population, but by the population plus visitors, and also I am showing in relative scale the number of visitors per capita that the three largest tourist attractions in the United States have. The three largest tourist attractions are Disney World, the Mall of America in Bloomington, Minnesota, which is shopping, and Branson, Missouri, which is country and western music. The left scale shows that the visitors per resident, this is Branson, Missouri, they get about 1,300 visitors per resident. This is Bloomington, Minnesota. The next one is Orlando, Florida. Here's Las Vegas, Nevada. They don't get that many visitors compared to the other areas. If you can just see the scale, you can see the relative orders of magnitude. But, the crime rates, even when I divided by visitors, is shown here. This is Las Vegas, Nevada. There is something else going on. It is not visitors, as the gambling industry alleges; it is the type of visitor.

I am right now conducting further research using data, I have data on National Park visitor information and I am finding, so far it is preliminary, but I don't find any impact of millions of national park visitors on crime rates in the counties that have national parks. For example, Park County Wyoming gets three or four million visitors a year to Yellowstone Park, but they do not have the kind of crime rates we are talking about with these kinds of visitors. So, there is something else that is different here and the difference is class three gambling.

Senator Barnes: Tape is inaudible.

Professor Grinols: Class three gambling is video gambling machines, roulette, poker, anything that is not a class two. Class two would be games like bingo. Class one might be Indian tribal games that involve chance done for fun and low stakes.

Senator Barnes: Tape is inaudible.

Professor Grinols: That's his salary.

Unidentified speaker: Tape is inaudible.

Professor Grinols: You will hear from them. You will hear from gambling industry representatives if you bring in video gambling devices. I can guarantee it.

Unidentified speaker: Tape is inaudible.

Professor Grinols: But you will, if you bring it in as an industry, because you will have to deal with the managers and the providers and the machines and so on. I took that one out in the interest of time. But, the reason I put it in there was primarily for the fact that, in South Carolina, it shows the difficulty that they had in getting out the devices once they were there. You didn't read the point that I would have made, which was $31 million was spent to defeat that governor because he uttered the view that South Carolina should get rid of their video gambling devices and a huge amount of money was brought to bear to apply pressure.

Unidentified speaker: Tape is inaudible.

Professor Grinols: I would have to check that. I think it is probably one, but I would have to check. I would have to find out how scratch tickets are classified. I don't know the answer to that question.

Let me make a point. I think I understand what your question is dealing with. You have been hitting the issue in a number of questions as to whether or not you already have the same level of dangerous gambling in the state that these machines would represent. I think the issue which Professor Kindt was trying to make is the important one. It is the amount of money and the speed by which it can be lost that matters. People don't lose $30,000 in a single day. How many scratch tickets would you have to buy to lose $30,000? But, this is the kind of money we're talking about with video gambling machines. People who lost $21,000 in a day. They come back a couple of days later and they lose $30,000. There is a lawsuit in Indiana right now where the individual alleges that the gambling providers were at fault, but those are the amounts of money he is saying he lost in a day at the machines.

Unidentified speaker: Tape is inaudible.

Professor Grinols: How many scratch tickets would a person have to buy to lose $30,000 and how much scratching would they have to do? Because those are the amounts of money we are talking about with video gambling devices.

And, if you put in a video gambling device and you say, "we'll put a limit, we will prevent people from losing more than $500 or $1,000". That has been the pattern in other states. They started out with low stakes. The stakes eventually are cancelled when neighboring states bring in competition. It is a slippery slope. The kind of gambling that we are talking about here is class three, but 70 to 80% of the revenues from class three gambling are coming from these machines. So, you are talking about bringing in the worst part of class three gambling. I don't think a lottery... If you ask me, "is the lottery as bad as class three gambling?" My personal opinion, and this is not based on research, this is an opinion, I would say no. The reason is, you don't lose $30,000 in a week with lottery tickets.

Senator D'Allesandro: Thank you very much. Tape is inaudible.

Exchange among Committee members. Tape is inaudible.

Hearing concluded.

Respectfully submitted,

Recorded by Rosalie Patch
Transcribed by L. Gail Brown
0/21/02

5 Attachments

ATTACHMENT #1 #2

Thank you, Mr. Chairman

My name is Nancy Ford and I represent Ward 3 in Nashua. I am here in opposition to SB 198.

I think that we should start by saying that there is not a person in this room who believes that this is a pilot program. It is inconceivable that 2000 machines placed in liquor stores will ever be removed. The pilot program is a smokescreen for turning our liquor store locations into video poker playrooms.

SB 198 is another means to put slot machines into New Hampshire under whatever excuse can be made. The slot machine providers, the gambling companies, do not care where their machines go -- race tracks, hotels, liquor stores, convenience stores. The money to be made is in the contracts to sell and lease and maintain the machines. There is fierce competition for these contracts, so fierce that last February we saw our former lottery contractor suing our new contractor for the New Hampshire contract. The contracts are where the bribery and corruption has occurred in other states, out of the reach of traceable computer transactions. The gambling companies have no loyalty to state or town or anything but money. Do not be fooled; this liquor store ploy is only one more way to turn New Hampshire into another loser state, subservient to the gambling companies. Who is naive enough to think only 2000 machines will be put in? Who is stupid enough to believe that those little adjacent stores will not grow into huge mini-casinos harboring blackjack and craps and ATMS along with the slot machines. Perhaps at the smaller locations we will find the ultimate -- New Hampshire Port-a-Slotties.

The slot machines are to be managed by the Sweepstakes Commission. The Sweepstakes Commission is to be the Big Boss. You will hear that there has not been a whisper of corruption in the Commission in all the years it has been in place. It is true that there have been no large scandals, but there are actions of the Commission that some of us have questioned. No bid contracts were awarded in the past. Our former lottery contractor, G-Tech, was kept in place even after company officials were indicted for bribing legislators and setting up dummy corporations in other states. I personally object and have said so many times to the fact that each year the Sweepstakes Commission takes $325,000 of lottery money that is supposed to go to children for education and gives it to the racetracks to cover purse money under the guise of "promotional costs"..... and no one says a word about losing these millions of dollars each and every year. I find it wrong when our Sweepstakes directors leave and land up working for the gambling companies with whom we have had contracts.

So, SB 198 says that the Sweepstakes Commission is in charge. Please look at the bill carefully. The Sweepstakes Commission investigates the licensees, selects them, hires all personnel, and rules supreme. It is given the power to make its own rules. It will make its own rules on charges and discipline. The Commission will be judge, jury, and executioner of any infraction; there is nothing spelled out as to how the Department of Safety comes into all this. And, never in twenty years of slot machine legislation, do I believe there has ever been a bill that does not even mention the office of the Attorney General and its duties in regards to gambling.

There are to be, to start off with, 10 locations.
Each one of the locations will
have 100 machines.
Each machine is the size of a refrigerator.
100 machines will require big buildings
& parking spaces, capable of expansion
into adjacent - easiest with ATMs & all
the rest.
One of those locations will undoubtedly be the
first one on Route 95 in Hartford, provided
with proper billboards, ~~to indicate~~ ~~location~~ ~~and~~
~~location~~ along the way of course.
And perhaps, at the smaller locations, we may
anticipate the ultimate - New Hampshire
Port-a-Slotties.

If ever there was an open invitation to corruption, here it is. Never has there been more complete power given to an agency than this.

Nowhere in this bill does it say that the Attorney General may investigate on his own motion. This bill could not please the gambling industry more. This Senate, this House are being treated like innocent children before the greedy, self-serving power of the slot machine industry. Do they think we have no intelligence? Are they expecting us to hand the state over to them, as South Carolina found out for itself? This is the sad quote of Rep. John Graham Altman of South Carolina: "South Carolina is no longer a sovereign state. It's been taken over by the new carpetbaggers, the men in three-piece suits who control the gambling." Are we to be added to the "loser" states, where the nothing happens without the permission of the gambling industry?

I am surrounded in this room by the people of New Hampshire who do not want slot machines ruining our lovely state. I am also surrounded, silently, by the 11,000 to 18,000 people in our state who will become hard-core addicts, losing their money, their families, their friends, their souls to the depths of despair. We are appalled at the 168 people who died in the Oklahoma City bombing. If the West Nile virus attacked 2000 of our people, we would call out every resource in the state. And yet...and yet... we propose to throw away the lives of 18,000 of our own people, the people we have taken an oath to protect, victims of a state's desire for revenue and a vicious, uncaring, octopus of a slot machine industry whose tentacles will reach into every sector of our state to destroy our integrity and our honor.

And among those victims will be the spouses and children and grandchildren of those who sit in this, our legislature. How will any of us feel if have contributed, by our vote, to the destruction of those who we love the most?

That is all I have to say. SB 198 must be defeated. Thank you.

ATTACHMENT #2

John Warren Kindt
MBA, J.D., LL.M., SJD

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Professor, University of Illinois

After receiving a B.A. in Business from William and Mary in 1972, Professor John Kindt earned several graduate degrees in Law and Business; specifically, J.D. 1976, MBA 1977, from the University of Georgia; LL.M. 1978, SJD 1981, from the University of Virginia. During the 1970s, Professor Kindt was employed in several state and federal government positions. He also served as a Senior Fellow at the London School of Economics.



Professor Kindt's research has resulted in over 30 articles in the areas of legalized gambling economic impacts, antitrust law, tax law, commercial law, environmental law, and public and private international law. One of his specialty areas in international law involves the corporate development of ocean resources. Professor Kindt's teaching has been cited several times as being outstanding.

A. 1st State in '74
B. Refer Jennings: Fall of '48
C. Monitor all types of gambling
D. Survey Magazine Article Shows

1. St. Louis Univ. Law Journal
2. 1995 Congressional Hearings
3. Drake Law Review
4. Arkansas Law Review - 1995
5. GA Lottery - 4-5% problem Gambling

U.S. House of Representatives
Committee on Small Business
September 21, 1994

Statement of John Warren Kindt*

From a business-economic perspective, the main issue involved in legalizing various forms of gambling is whether gambling activities constitute a valid strategy for economic development. While the dollars invested in various legalized gambling projects and the initial jobs created are evident, the industry has been criticized for inflating the positive economic impacts and trivializing or ignoring the negative impacts.[1] The industry's tendency to focus on specialized factors provides a distorted view of the localized economic positives, while ignoring the strategic business-economic costs to different regions of the United States.[2]

Since some issue areas have not received widespread public attention, this analysis highlights some of the neglected issue areas as they relate to tax revenues, social-welfare costs, education, and job creation. From the perspective of U.S. economic history, the United States has had previous economic cycles with widespread legalized gambling activities. The most relevant cycle occurred after the American Civil War and paralleled the post-bellum migration to the "Wild West." Although gambling proliferated during this time-frame, within a few years the trend toward prohibiting gambling activities had begun, and by 1910 there was virtually no legal gambling in the United States. Gambling activities were not just prohibited via state statutes and local ordinances, but a fortiori, these prohibitions were incorporated into most state constitutions. The fact that state constitutional provisions were utilized to make it as difficult as possible for future generations to legalize gambling activities (and thereby experiment once again with a classic "boom and bust" economic cycle) lends substantial credence to arguments that both historically and currently, the legalization of gambling activities eventually causes: (1) increased taxes, (2) a loss of jobs from the overall region, (3) economic disruption of other businesses, and (4) large social-welfare costs for society in general and government agencies in particular.

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*Professor, Univ. Ill. at Urbana-Champaign. B.A. 1972, William & Mary; J.D. 1976, MBA 1977, U. Ga.; LL.M. 1978, SJD 1981, U. Va.
This statement should be interpreted as representing only the individual views of the author.

[1] See generally, R. Goodman, Legalized Gambling as a Strategy for Economic Development (Ctr. Econ. Development, U. Mass.-Amherst 1994).

[2] See, e.g., Cal. Governor's Off. Plan. & Research, California and Nevada: Subsidy, Monopoly, and Competitive Effects of Legalized Gambling ES-1 (Dec. 1992).

In recent economic history, legalized gambling activities have been directly and indirectly subsidized by the taxpayers. The field research throughout the nation indicates that for every dollar the legalized gambling interests indicate is being contributed in taxes, it usually costs the taxpayers at least 3 dollars--and higher numbers have been calculated.[3] These costs to taxpayers are reflected in: (1) infrastructure costs, (2) relatively high regulatory costs, (3) expenses to the criminal justice system, and (4) large social-welfare costs.[4] Accordingly, several state legislators (e.g., South Dakota) have called for at least partially internalizing these external costs by taxing all legalized gambling activities at a straight 50 percent tax rate. Furthermore, as a matter of good public policy, state officials and legislators in Illinois have proposed legislation to prohibit contributions by legalized gambling interests to politicians and political campaigns.

In the context of social-welfare issues, it is well-established that legalized gambling activities act as a regressive tax on the poor.[5] Specifically, the legalization of various forms of gambling activities makes "poor people poorer" and can dramatically intensify many pre-existing social-welfare problems. Demographic analyses reveal that certain disadvantaged socio-economic groups tend to gamble proportionately greater amounts of their overall income[6] and marketing efforts, particularly by state lotteries, have allegedly been directed at these target groups.

From the business perspective, businesses are not naive.[7] With the exception of the cluster services associated with gambling, new businesses tend not to locate in areas allowing legalized gambling because of one or more of the aforementioned costs. In areas saturated with legalized gambling activities, pre-existing businesses face added pressures that push them toward illiquidity and even bankruptcy. Although South Dakota does not constitute a saturated gambling state,

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[3]For example, just the social-welfare costs mentioned at footnotes 10, 12 infra usually dwarf the projected new tax revenues from the legalized gambling activities.

[4]See, e.g., Press Release, Off. Ill. Gov. James Edgar, "Governor Warns Land-Based Casinos Could Bring Crime Surge As Well As Overall Loss Of Jobs And State Revenues," Sept. 29, 1992 (summarizing several Illinois State reports).

[5]See, e.g., C. CLOTFELTER & P. COOK, SELLING HOPE 215, 222-27 (Nat'l Bur. Econ. Research, Harv. U. Press 1989).

[6]Id. at 99.

[7]For example, "[i]n a rare public stand on a controversial political issue, the Greater Washington Board of Trade's 85-member board voted unanimously against" Mayor Sharon Pratt Kelly's initiative to bring casino-style gambling to Washington, D.C. Spayd & Woodlee, Trade Board Rejects D.C. Casino Plan, Washington Post, Sept. 25, 1993, §A, at 1, 8 (emphasis added).

this trend has already been reported. South Dakota had virtually no gambling in 1988 and then instituted casino gambling and video lottery terminals by the end of 1989. Within two years legalized gambling activities constituted one of the leading causes of business and personal bankruptcies among South Dakota residents (whereas this cause was non-existent in 1989).[8] More subtly, traditional businesses in communities which initiate legalized gambling activities can anticipate increased personnel costs due to increased job absenteeism and declining productivity. The best blue-collar and white-collar workers, the Type-A personalities, are the most likely to become pathological gamblers. A business with 1,000 workers can anticipate increased personnel costs of $500,000 or more per year--simply by having various forms of legalized gambling activities accessible to its workers.[9]

To some extent businesses must already internalize the societal costs associated with assisting personnel with drug or alcohol-related problems. Legalizing various gambling activities increases the number of problems related to pathological gambling in the context of the workforce, and these costs are reflected in increased personnel costs--such as "rehabilitation costs," which can easily range from $3,000 to $20,000 (or more) per pathological gambler.[10] In the context of the current healthcare debate, the spectre of these unanticipated costs can raise further concerns to businesses already being asked to bear certain healthcare costs.

Gambling activities and the gambling philosophy are directly opposed to sound business principles and economic development. Legalized gambling activities also negatively affect education--both philosophically and fiscally.[11] In states with legalized gambling activities which were initiated allegedly to bolster tax revenues to "education," the funding in "real dollars" has almost uniformly decreased.

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[8]See, e.g., Nelson, S.D. bankruptcies down 5 percent: Judge: Gambling caused most cases, Argus Leader (Sioux Falls, S.D.), Jan. 15, 1993, at 1.

[9]The large social-welfare costs caused by legalizing gambling activities are necessarily reflected to some extent in the workforce. See footnotes 10, 12 infra and accompanying text. For example, lost work productivity alone has been calculated at $23,000 per year per pathological gambler. See, e.g., BETTER GOV'T ASSOC., STAFF WHITE PAPER: CASINO GAMBLING IN CHICAGO 14-15 (1992) (a comprehensive report). The costs of a "bottomed-out" pathological gambler are significantly higher. Id. at 14 ($27,000 per pathological gambler). See also ALCOHOL & DRUG ABUSE ADMIN., MD. DEP'T HEALTH & MENTAL HYGIENE, TASK FORCE ON GAMBLING ADDICTION IN MARYLAND 2, 59-61 (approximately $15,000 per year per compulsive gambler in lost productivity).

[10]See, e.g., GAMBLING ADDICTION IN MARYLAND, supra note 9, at 29-30, 36-63 (1990); CASINO GAMBLING IN CHICAGO, supra note 9, at 12.

[11]See, e.g., CLOTFELTER & COOK, supra note 5, at 151-53; CASINO GAMBLING IN CHICAGO, supra note 9, app. Q.

Those states which embrace legalized gambling activities can expect enormous socio-economic costs and declines in the quality of life. Unlike traditional business activities, legalized gambling activities cater to a market consisting of addicted and potentially-addicted consumers, and most pre-existing traditional businesses will find it quite difficult to compete for "consumer dollars" which are being transformed into "gambling dollars."

For example, the field research strongly suggests that the introduction of widespread legalized gambling in South Dakota, including casinos and video lottery terminals (VLTs), over a two-year time span caused a one percent increase in the number of problem and probable pathological gamblers--a recognized addiction pursuant to the American Psychiatric Association. Each newly-created pathological gambler has been calculated to cost society between $13,200 to $52,000 per year.[12] These costs are not just reflected in society as a whole, but impact on all businesses. In particular, small businesses could easily experience disproportionate negative impacts, and unlike large corporations, small businesses would be less likely to have the asset base necessary to cushion against those negative impacts.

Sociologists almost uniformly report that increased gambling activities which are promoted as sociologically "acceptable" (the acceptability factor) and which are made "accessible" (the accessibility factor) to larger numbers of people will increase the numbers of pathological gamblers. The baseline of pathological gamblers as part of the population begins at .77 percent as reported by the 1976 U.S. Commission on Gambling.[13] Since gambling has been legalized and made accessible in several states, the range has increased to 1.5 to 5 percent[14] in those states. This translates into increases in socio-economic costs which must be addressed and absorbed primarily by

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[12]See, e.g., STRATEGY FOR ECONOMIC DEVELOPMENT, supra note 1, at 61-63; Politzer, Morrow, & Leavey, Report on the Societal Cost of Pathological Gambling and the Cost-Benefit/Effectiveness of Treatment 8-10, 18-20, 23-25, 29-30 (5th Nat'l Conf. on Gambling and Risk Taking 1981); CASINO GAMBLING IN CHICAGO, supra note 9, at 14. See also GAMBLING ADDICTION IN MARYLAND, supra note 9, at 2, 59-61.

The more recent estimates are tending to cluster in the range of $13,200 to $35,000 (without adjusting for inflation). Even the lowest estimates reflect large social-welfare costs, which should be compared with any projected new tax revenues from legalizing various forms of gambling activities. In most instances an increase of one cent or less in the sales tax would raise more tax revenues than the total of a state's projected revenues from legalized gambling activities.

[13]U.S. COMMISSION ON THE REV. OF THE NAT'L POL'Y TOWARD GAMBLING, GAMBLING IN AMERICA 73 (Gov't Printing Off. 1976) (another 2.33 percent equal "potential" pathological gamblers).

[14]See, e.g., ALTA. LOTTERIES & GAMING, GAMBLING AND PROBLEM GAMBLING IN ALBERTA 18 (Jan. 1994) (summarizing 20 studies showing the range of problem and probable pathological gamblers at 1.7 to 6.9 for adults and 3.6 to 12.4 for adolescents).

taxpayers, but also by businesses, charities, social-welfare organizations and governmental units.

On a regional level, the combined ranges of these various socio-economic costs are so large[15] that they tend to dwarf the localized economic positives. These drains on society could easily translate into a net loss of jobs on a statewide or regional level.[16] Furthermore, it can be argued that the combined economic positives and negatives result in a net negative economic multiplier.[17] From the perspective of business-economics and strategic development, major businesses are and should be concerned with the trend toward expanding various forms of legalized gambling activities. Among other reasons, nongambling-related businesses will not be competing for consumer dollars or recreational dollars on a "level playing field," because legalized gambling activities can cater to an addicted and potentially-addicted market segment.

Since the U.S. economy and most state economies are extensive in scope, the socio-economic negatives associated with legalized gambling activities can remain hidden for long periods of time. However, just because a particular activity is "legalized" by a state government does not mean that the negative business or societal impacts have been eliminated--or even reduced.

Increasingly, taxpayers and businesses are beginning to realize that, as Professor Jack Van Der Slik has summarized for much of the academic community, state-sponsored gambling "produces no product, no new wealth, and so it makes no genuine contribution to economic development."[18] Business-economic history supports this proposition. To paraphrase Georg Hegel's common quote, "those who forget the lessons of economic history are condemned to relive them."[19]

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[15]See, e.g., SUBSIDY, MONOPOLY, AND COMPETITIVE EFFECTS OF LEGALIZED GAMBLING, supra note 2, at ES-1.

[16]Id.

[17]See, e.g., STRATEGY FOR ECONOMIC DEVELOPMENT, supra note 1, at 50.

[18]Van Der Slik, Legalized gambling: predatory policy, ILL. ISSUES, Mar. 1990, at 30.

[19]J. BARTLETT, FAMILIAR QUOTATIONS 507 (14th ed. 1968).

ATTACHMENT #3

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May 16, 2001

Hon. Louis C. D'Allessandro, Chair
Ways and Means Committee
New Hampshire Senate
Room 103—Legislative Office Building
Concord, New Hampshire 03301

Re: Senate Bill 198

Dear Senator D'Allessandro and Members of the Committee:

This office represents the Roman Catholic Bishop of Manchester (Diocese of Manchester). In that connection, I am writing to express the opposition of Bishop John B. McCormack and the Diocese to the expansion of gambling in New Hampshire, as set forth in Senate Bill 198 and other proposals which will come before the legislature this session, whether promoted to solve the education funding issue or general budget revenue requirements. The Diocese opposed all such proposals in the House of Representatives earlier this session.

In March of 1999, the late Msgr. Norman P. Bolduc, then Chancellor of the Diocese, in testimony submitted to the legislature under circumstances similar to those facing you today, said:

"While the Roman Catholic Church views gambling as morally neutral and as a legitimate recreational activity when done prudentially and in moderation, there are also dangers associated with gambling that warrant vigilance and concern. Gambling assumes a moral charge when it moves beyond an affordable, recreational activity to become an activity intended to support families, church or social programs. When gambling escalates to the point where proceeds from gambling become part of family, church or state budgets, it results in a situation of undesirable dependency. The Diocese of Manchester therefore considers gambling as a regular source of church income to be inappropriate.

"While we appreciate why the State of New Hampshire is considering the authorization of...games of chance to fund services to our people, including educational and charitable programs, the Diocese of Manchester opposes gambling as a means to fund these needed services. (This bill) would institutionalize gambling in our state at an unprecedented level. In choosing to accept legalized gambling at this level, the State of New Hampshire would also be willing to accept the changes gambling and games of chance will have on

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our society. This we do not believe the people of New Hampshire are willing to accept. In addition to encouraging addictive behavior and its attendant social costs, gambling tends to prey on the poor in search of an instant remedy and to attract criminal elements which thrive on legalized gambling. The proposed economic benefits from gambling will not create new wealth but will simply shift money which individuals, families and the state could spend for other purposes."

"Because of the dangers and abuses associated with gambling activities, the Roman Catholic Diocese of Manchester urges the legislature not to rely on expanded gambling for resources to pay for needed services."

These sentiments remain today as they were in 1999. Senate Bill 198 has additional dangers not inherent in prior proposals. There is not a limited number of communities in which gambling could take place. Gambling would not be limited to existing race tracks, grand hotels and the like.

Basically, however, our client believes that the expansion of gambling in New Hampshire to provide revenue for our basic societal needs is bad public policy and should be rejected. The Roman Catholic Bishop of Manchester, therefore, urges you in the strongest possible terms to find this proposal, and any other gambling proposals which may come before you, "inexpedient to legislate."

As always, thank you for your hard work and dedication to the people of New Hampshire.

Sincerely,

The Roman Catholic Bishop of Manchester

By: _____
Bradford E. Cook, legislative representative

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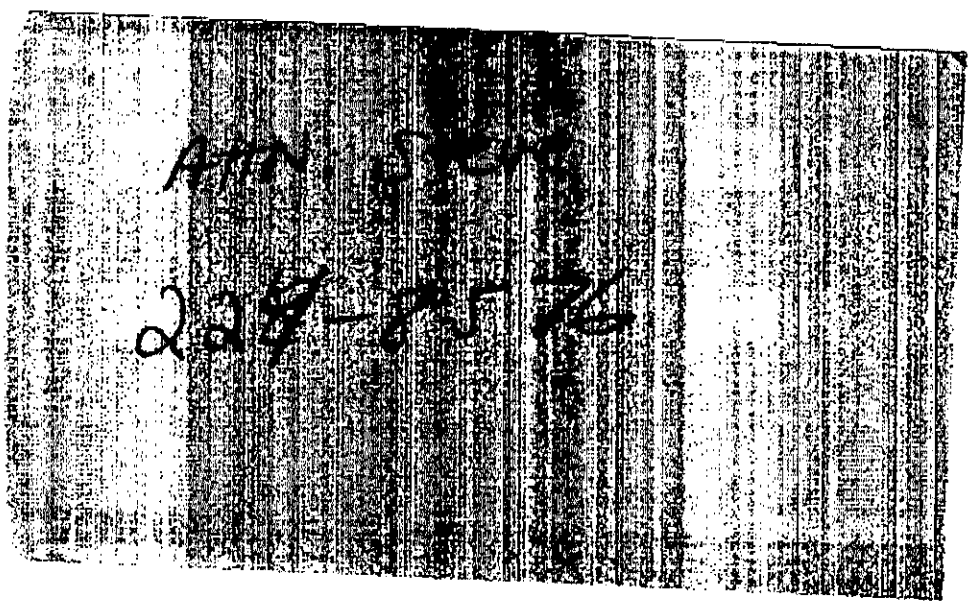
ATTACHMENT #4

Good Afternoon. My name is Scott Labnon. I am President of the New Hampshire Lodging and Restaurant Association. We're opposed to video slots because of the unfair advantage video slot operators would have over our industry. Video slot operators would follow the gambling industry's practice of maximizing profit by holding patrons on site until as much money as possible has been "lost". Discretionary income would be taken away from our industry and thus the state of NH would see a decrease in Room and Meal tax revenue. Many existing restaurants, hotel/motels and entertainment establishment- most of them small businesses- will be put out of business. Information provided to the National Gambling Impact Study Commission showed that in Atlantic City in 1978 (the year the first casino opened) there were 311 taverns and restaurants. Nineteen years later only 66 remained, despite the promise that gambling would be good for the city's businesses.

NHLRA is also concerned about the negative impact expanded gambling would have on the State's image. Several of our cities and towns have been rated at the top of the U.S. for quality of life. Places with slots never make the top of these lists. Video slots could cost us a key element of our New Hampshire advantage.

NHLRA urges the New Hampshire legislature to do exactly what they have in the past- which is to defeat the gambling proposals it has before it.

Testimony of Scott Labnon of NH Senate Ways and Means on May 16, 2001



ATTACHMENT #5

GRANITE STATE TAXPAYERS

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Website www.granitestatetaxpayers.org

May 16, 2001

Hon. Lou D'Allesandro, Chairman
Hon. John S. Barnes, Jr., Vice Chairman
Hon. Theodore L. Gatsas
Hon. Thomas R. Eaton
Hon. Arthur P. Klemm
Hon. Beverly A. Hollingworth
Senate Ways & Means Committee
State House, Room 103
Concord NH 03301

RE: SB 198 Video Slots in State Liquor Stores

GRANITE STATE TAXPAYERS is opposed to Video Slots ANYWHERE in New Hampshire because it makes NO ECONOMIC SENSE.

In their book, "Business Profitability vs. Social Profitability," authors Grinois and Mustard found that video gambling costs $1.90 for each $1.00 of revenue taken in.

In Florida, a state-sponsored study concluded that video gambling costs could run as high as $3.00 for each $1.00 of revenue.

If the costs of video slots run between $.90 and $2.00 MORE than each $1.00 of revenue taken in, why would anyone propose this as a source of funding of schools? Or for anything?

For ECONOMIC REASONS ALONE, *GST* is vehemently opposed to the expansion of gambling in New Hampshire. Video slots will INCREASE taxes, NOT reduce them.

Please vote SB 198 out as "ITL." Thank you.

Roy H. Stewart, Chairman

RHS/s

Date: **January 18, 2002**
Time: **10:00 a.m.**
Room: **103-State House**

The Senate Committee on **Ways and Means** held a hearing on the following:

SB 198-FN-A **(New Title) establishing a gaming oversight authority, and video lottery gaming.**

Members of Committee present:

Senator D'Allesandro
Senator Barnes
Senator Gatsas
Senator Eaton
Senator Klemm
Senator Hollingworth

The Chair, **Senator Lou D'Allesandro,** opened the hearing by calling on the prime sponsor, Senator Gatsas, as the first speaker to provide testimony on SB 198.

Senator Gatsas: Thank you, Mr. Chairman. Good morning fellow Committee members.

Please see attached written testimony, attached hereto and referred to as Attachments 1, 1-A and 1-B, and Amendment, attached hereto and referred to as Attachment 2.

With that, we can go through the bill. I tried to put some bullet points together so that we can go through it. If you like, we can either go through each one individually and, if so, we can ask questions as we go through or at the conclusion.

I think this bill offers the opportunity to the four racetracks in the State – the three dog tracks and horse tracks - certainly the availability to participate in the licensing procedure. Should they gain the local approval and also gain the ability of a license, I would say that they would be the four immediate places that should have the machines located because they have the facilities in operation already.

In the bill it also states that the Liquor Commission will authorize a special license so that that can happen.

I think that these numbers certainly are not etched in stone. I would leave it up to this Committee to decide if they would prefer to move in other directions, but that is what I presented after some long hard looks at some different things.

If you go to the spreadsheet I think that the availability to read it. If you go to column 3 and put a 1 above that column where it says $5.80 per thousand and you go down to the sixth column and put a 1 above that column, those are the two columns that we are currently at. If you take a town, let's take Alton, all the towns that are in black, bold black are currently the donor towns. So, let's take Alton and, if we take a look at the cost of an adequate education for '03, the total cost is $2.9 million. At the local level, they are currently raising $3.6 million. If you go down to column 6, it shows you that currently they are a donor town for $671,000. Under the proposal of a $3.80 value per $1,000, at the local level, they would raise $2.4 million. As you go down to column B, you will see that they are a receiver town of $589,000. So, the net effect is $1.2 million to Alton. I think those are figures that, as we go through this, because they are real dollars being generated, that we need to take a look at this proposal today.

This plan only talks about relief to the donor towns; only talks about the first 3,500 machines that we have discussed. With the ability of the Commission to increase that by 2,000, we have the ability to reduce that property tax even further. So, we may have the ability to eliminate all donor towns with this procedure. I haven't got into that because I don't think that we should look at something that we aren't generating without those first 3,500 machines.

Thank you.

Senator D'Allesandro: Senator Barnes?

Senator Barnes: Thank you, Senator Gatsas. I want to go to bullet #3 on the first page of your breakdown of what the bill does. (Attachment 1-A). Would you be willing to change that super majority vote of the governing body so that 2 people in a 3 selectmen town aren't going to have any say on whether this happens or not? So, it would go in a special election in the community so the citizens of the communities would have the say and not 2 selectmen?

Senator Gatsas: If that would be the wish of this Committee, I don't have a problem with that.

Senator Barnes: I don't know about the Committee, but it is my wish. But, I am only one member.

Senator Gatsas: God knows that you have some influence on this Committee, being one of five.

Senator Barnes: Point #2 or question #2. I didn't hear you say, but I think by having read this, it would seem to me that the logical places to have an opportunity to have these

machines would be the 4 racetracks in **New Hampshire,** seeing they have the facilities already there. But, I would think they would be prime candidates and wouldn't be cut off from this type of situation. Is that correct, Senator?

Senator Gatsas: Senator, I would tell you that the **4 racetracks**, having the facilities already built and in place, if they follow the criteria of the application process, certainly should be the places that would be up and running sooner than anybody else.

Senator Barnes: That's within the year that you're talking about?

Senator Gatsas: Correct.

Senator Barnes: Thank you, Senator.

Senator D'Allesandro: Senator Eaton?

Senator Eaton: Thank you, Mr. Chairman. Looking at your bullet points, Senator Gatsas, the very last one. I would have a problem with having that in there: *"the video lottery program established by this bill will be repealed if a constitutional amendment is passed"*. I don't know that it's necessary. If someone made that investment in a facility and all of that, and then all of a sudden it was stripped away from them. I do not feel that would be good.

Senator Gatsas: Because this is a property tax relief initiative, if we were to take that out and there was a constitutional amendment, we would have to replace it so that the funds would go somewhere else to the general fund or to reducing...I don't have a problem taking that out. I just don't want it going to a general fund. I would rather see it reducing other business taxes that we have in this State.

Senator Eaton: I would totally agree with that.

Senator Gatsas: So, I don't have a problem with that. I just think that we need to make sure that, if a property tax or a constitutional amendment does pass, that this windfall doesn't go into the general fund just to give us a bigger spending appetite. It certainly would have to go directly to reducing business taxes in the State.

Senator Eaton: Or, wording such as, to what it would directly go to. That's great. The other question that I had, *"6% to technology provider"*. How did you come up with that figure and how is that spent?

Senator Gatsas: That is basically for the people that manufacture the machines. So, they are actually leased machines to the State. So, they participate on the revenue process. I used a percentage so that as a machine...The more used machines, obviously, are going to create and generate more revenue. So, you don't want just to pay somebody a flat fee on the front end and they give you machines that are not producing revenue. So, the newer machines and the machines that have more activity... The bill also says that

the providers must alternate **30%** of the machines every year. So, they are bringing in the machines that are most active that people are playing so that the revenue dollars will stay there that we are talking about.

So, that **6%** number is a number that is used somewhere in the industry as a percentage that we can look at. It varies from somewhere around 5% to 8%. So, I kind of just took a middle number.

Senator Eaton: I see at the end, addiction/prevention programs. One thing that I would like to see is that raised to at least 1%. And, you did mention in your testimony that these are not "hard fast." So, that is just what I would like to see.

Senator Gatsas: Sure, and I think that...The only one that I believe is steadfast is the **60%** at the top line. If we want to move the line in between that, that's fine.

Senator Eaton: Thank you.

Senator D'Allesandro: Senator Barnes?

Senator Barnes: Senator Gatsas, do you have a copy of your original statement on this available to the Committee?

Senator Gatsas: I think that she has the entire packet.

Senator Barnes: Thank you very much.

Senator D'Allesandro: Senator Gatsas, one of your points was that a facility license would be granted for 5 years, although, the gaming oversight has the right to suspend or revoke the license at any time. Could you clarify that? Does that mean that you're getting a license for 5 years and that's a renewable situation?

Senator Gatsas: It is renewable. The reason why I put the 5-year number in there is that I think that the appetite for a constitutional amendment has to be tied to something. So, I didn't want to go out and extend a license to a 10-year position where a constitutional amendment comes in at 5 and somebody says that we were allowing this for 5 years later. I'm assuming that the fastest time a constitutional amendment would appear would be in the next 4 years.

So, that would at least give somebody the ability to start a business. I think that if you sat down and did some numbers on the return, I think that, as long as the entrepreneur that was putting the package together looking at the numbers, they probably would do a 5-year payback on the building that they were leasing. So, their building would be paid for and they could go forward with the building with no debt if the renewal was there for the next 5 years.

I think it's imperative that the State look at something... I would think that the **Gaming Oversight Commission** would have the ability to pick the best sites in the State. However, if, for some reason we chose a site that wasn't generating the amount of income that we were hoping at the end of 5 years, that we wouldn't just want to leave those machines there and not move them. I think it is somewhat like a liquor store. We choose, during the lease period, whether we're going to close them or not and move onto the next facility because they aren't generating the revenue.

Senator D'Allesandro: To take your example of a liquor store. If you were to move a facility, a lot more would be involved. I mean, there's infrastructure and the connection to the main frame and things of that nature. Whereas, in closing a liquor store, you just take the product out of the store and move it someplace else. Do you see that analogy as really being a consistent one?

Senator Gatsas: I think the infrastructure is a lot different. Basically, you're moving the machines, which is the inventory of a liquor store. You're right, it's hooked up to a main frame, but I think that, with the technology that we have today, is not something that you're saying is impossible. It would be moving a liquor store somewhere else. It would be moving the video lottery machines to another location.

I think, as a businessman, you would want to take a look at where your biggest return is. If we have 300 machines in *"Town A"* and they're generating one tenth of what they are in *"Town B,"* I would think that we would want to look for a new location for them.

Senator D'Allesandro: Thank you. Senator Eaton?

Senator Eaton: Thank you, Mr. Chairman. Also, regarding the 5 years... After 5 years, do they have to pay another fee to grant that license for continuation?

Senator Gatsas: The renewal? No.

Senator D'Allesandro: You talk about that this will be a state-operated and state-controlled program. Would you elaborate on that, state-operated and state-controlled?

Senator Gatsas: I think you brought it to the forefront, Senator, when you talked about a liquor store. I think it's imperative that we look at this very much like the liquor industry. With the liquor store, we go into a location as a State and say to somebody that we're going to pay them **$6.50** a square foot and we're going to come in and sell liquor. Well, we're saying to somebody that we're going to pay you **8%** of the gross revenue in an establishment that would have **300** machines. That's **$3.2 million dollars**. And, we're going to run an establishment of video lottery machines.

Senator D'Allesandro: But, everyone working around those video lottery machines would be a State employee. As the operator of this facility, these would be "tenants." What authority would you have over the tenant? The State is not the tenant. All of those

employees belong to the State. So, do you have any authority over them, other than as the lessor of this facility?

Senator Gatsas: No, I think the authority is no different than it is at a liquor store. When you go into a liquor store, those are State employees. They're run by the State. The landlord, the lessor, has no control over them.

Senator D'Allesandro: So, clearly, what we're talking about is a "lease operation"?

Senator Gatsas: Correct.

Senator Barnes: We're buying the lease?

Senator Gatsas: You're coming in to apply for a lease. I think the integrity is paramount. I think that today, if we left this chamber and went across the street and had one of those 1974 "martini lunches" and we moved to the next establishment and we probably should have another cocktail, we probably would be served that drink. However, if we went to the state liquor store to buy a bottle of Vodka and they saw that we shouldn't be drinking, they probably would not sell us the bottle.

So, I think that the integrity of the program with State employees and State run, is very much like that.

Senator D'Allesandro: One further question. The 5-year situation and the constitutional amendment. If the constitutional amendment were repealed, would your rationale for the 5 years still be in place?

Senator Gatsas: I think that we have to take a look at it, Senator, because again, if an establishment is only doing one tenth of the volume that another one is doing, I think we need to look at it as a business opportunity and say, "I don't think this may be the location for these machines and maybe we have a better one. Or, maybe we don't have a better one, but those 400 machines could be distributed to the other 7 locations that would generate more revenue."

Senator D'Allesandro: So, that licensee, who paid **$150,000,** if the State decided that after the **5 year period** that this wasn't a good location, what you're saying is that the amortization of his investment would return the money and, if the State moved out of that situation, it would just be a business move.

Senator Gatsas: That's correct.

Senator D'Allesandro: Thank you. Senator Barnes?

Senator Barnes: Senator Gatsas, on the technology provider, how is that technology provider chosen?

Senator Gatsas: In the legislation it calls for three technology providers so that there is not any monopolization by one. The Sweepstakes Commission would take a look at it because they are probably in the forefront of being in that business. So, we allowed them to report to the Gaming Oversight Commission so that there can be three technology providers supplying the machines.

Senator D'Allesandro: Further question?

Senator Barnes: So, the Commission is going to decide who the technology providers are?

Senator Gatsas: That's correct.

Senator Barnes: The reason I'm bringing this up is that I keep hearing the resurrection of *"Bugsy Siegel."* A lot of the old timers in the State are concerned about that. *Bugsy Siegel* relates to unsavory people. But, being State operated and the State having control, there would be no *Bugsy Siegels* in their technology providers because they would be flushed out by the Commission that this bill would form to take care of that.

Senator Gatsas: I would think that the integrity of the program is at its utmost because it is totally State controlled. I think that, if you try to relate this to the liquor industry, Al Capone didn't rear his head because there were State operated liquor stores. So, I think that the control factor is just paramount for the integrity of the State.

Senator Barnes: Bugsy and Al were very comparable people to what we're talking about here.

Senator D'Allesandro: Senator Eaton?

Senator Eaton: Thank you, Mr. Chairman. We give 5% school construction rehab. How does that get broken down so that you don't have one town fighting for another, "we deserve this and they don't."?

Senator Gatsas: Basically, it's put into non-lapsing fund for the Department of Education Commissioner to put some rules together so that there can be a qualified application process.

Tape change

I don't like the 541-A issue, but I guess that's the only way to really do it so it can be an equitable division for the whole State.

Senator Eaton: Thank you.

Senator D'Allesandro: Would the money go into the building fund that we currently have for schools where schools apply for new buildings or would this be a totally separate fund set up with different criteria in terms of how you apply for it?

Senator Gatsas: Senator, I'm not opposed for it to go into the same fund or have a different fund set up. I just... Again, if somebody wanted to do a separate fund or the same fund, I think that's up to the Commissioner of the Department of Education how he would want to do it. We have it as a separate fund now. If they felt that it was less complicated and less "red tape" to put it into the existing fund, I'm not opposed to that.

Senator D'Allesandro: Senator Barnes?

Senator Barnes: That might make some school districts happy. I think that there are about 17 towns out there right now that are looking for new schools.

Senator D'Allesandro: In other words, wrap it into the building aid?

Senator Barnes: Yes. It would help the districts get their schools up and operating.

Senator D'Allesandro: Any further questions? If not, thank you very much, Senator, for your testimony. We have somebody from LBA. Mike Buckley? Mike, Senator Gatsas has a letter to you in the packet. If you could just comment on that.

Michael Buckley, Legislative Budget Assistant: Thank you, Mr. Chairman. For the record, my name is Michael Buckley, Legislative Budget Assistant. I know that Senator Gatsas has included in his package this morning a letter he wrote to me dated December 3rd and I guess I should start first by apologizing. He asked me to respond in writing and, as of yet, I have not done that since he delivered the letter to me.

I would comment that it is involved looking out to the years in question here, but I will speak to the particular items that Senator Gatsas notes in his letter of December 3rd.

The first is that, I believe the timeframe looked at is 2004 and 2005. At the beginning of the second paragraph, it references 2003 and 2004, but I think the reference is the next biennium, 2004 and 2005. Leading into that are the 5 items that Senator Gatsas notes in his letter on that next biennium, which is '04 and '05.

The first one is the ***Legacy and Succession Tax***. Two things are happening there. The federal government is phasing out the credit for the estate tax and the State has repealed the legacy tax. The estimate there of **$80 million dollars** is approximately correct. It might be high by a couple million dollars, but it is approximately **$80 million dollars** that will be the loss of revenue in the next biennium that we face.

The second item, the six-quarter effect on the **BET,** is going to be there. That happens. We hit a "bump" this biennium. When you increase a tax rate, we call it the "six-quarter

effect." That's our vernacular here. But, that will not be repeated in the 2004/2005 biennium. That is true not only for the **BET** tax that the Senator references in the letter; it is also going to be true for the **BPT** tax, also. And, the estimate of the six-quarter effect that we used in this biennium is **$11 million dollars** for those two taxes for the six-quarter effect and that will not be available to the State when we consider the budget for the next biennium.

The school funding increase, with a **4% cap,** is estimated to be **$36 million** per year. That roughly is calculated at adequacy of **$900 million**. One percent is **$9 million**. So, a **4% cap** per year, would yield, in fact, the **$72 million** of additional appropriations that would be required in the next biennium.

I would comment here that, absent the cap, because there is no cap currently in the law for adequacy in the coming years, **$72 million** would be on the low side. The Department of Education estimates adequacy; our office does. There have been a number of people that looked at it, trying to analyze what adequacy would be. The increase in adequacy, most people are projecting to be more than **$72 million**. The cap would keep it to **$72 million**.

Revenue sharing is a program within a state budget that calls for automatic **$5 million** increases per year, and, those would be cumulative. So, the Senator has **$15 million** in here for revenue sharing. That will need to be funded in the next biennium, just as it was this biennium, 2002/2003 when there was an increase of **$15 million** over the last biennium.

According to the law, this is supposed to happen until the cities and towns receive 40% of the Meals and Rooms Tax revenue and we're not close to meeting that 40% cap yet. That $15 million will be an additional hit on the budget.

The Amnesty Program is a one-time shot this biennium that was put into the trailer bill to try and recover $5 million and that is another one-time one. So, if you add those up, in general, the Senator has the items at approximately $192 million that will need to be funded in the next biennium that is not currently in this budget.

Senator D'Allesandro: Any questions? Thank you.

Mr. Buckley: Glad I could bring the cheery news.

Senator D'Allesandro: We don't have a sign-up sheet, but who else would like to testify? Mr. Pfundstein?

Donald Pfundstein: Thank you, Mr. Chairman. For the record, my name is Don Pfundstein. I work with the government group at Gallagher, Callahan & Gartrell, and we had the pleasure of working with the Mount Washington Resort. I would like to appear this morning very briefly in support of the amendment that Senator Gatsas has explained so well for a couple of reasons.

One, we believe that it presents an opportunity to everyone that is interested in applying for a license to serve as a host for a state-run gaming facility. We believe that providing a process that enables interested people to demonstrate that they are the appropriate facility for a gaming operation run by the State is a preferred way of perceiving, as opposed to specifically specifying certain locations only. Senator Gatsas, as I said, did a very nice job of explaining in a very comprehensive way what the amendment does. So, I would just simply like to hit a few high points.

One, it is a state-run program under the amendment, which I think is important. The Department of Safety, through its enforcement division created under the bill, would be the primary agency responsible for the day to day operation, which we believe makes some sense. And, it requires local approval, so it is not something that the State just, in its wisdom, decided to pass. Not requiring any municipality to host, unless that municipality has voted to receive that state-run facility within its boundaries. We think it is important for the North Country because it could provide some enhanced economic activity and, certainly, we think it would be nice at the resort as well because, quite frankly, it would provide some nice economic activity there as well.

I would like to just quickly share with you a couple of facts relative to the amount of tourism in the North Country which I think is important because it demonstrates that a lot of money coming from out of state represents a substantial stream of revenue for the State and, in fact, would be enhanced, we believe, if the gaming authority should ultimately decide that one of these facilities should be located in the North Country. For instance, in fiscal year 2000, nearly $800 million of the tourism money which was spent in New Hampshire was actually spent in the North Country consisting of the White Mountain Tourist designated area in the Great North Woods. We believe that that is a very viable stream that needs to be protected and expanded and the process which this bill authorizes would at least present the opportunity for interested parties to attempt to expand that stream.

Frankly, we believe that this is a preferred way, as I say, of approaching the issue if the State should determine that this is an appropriate way to help fund its obligations.

With that, we will simply thank Senator Gatsas for all the hard work that he obviously invested in bringing this before you today and we would respectfully request that you report his amendment out favorably. With that, Mr. Chairman, I would be happy to try to answer any questions the Committee might have.

Senator D'Allesandro: Any questions? Thank you very much. Is there anyone else who would like to speak? We do have the blue cards. So, if anyone wishes to speak, please fill one out. I would appreciate that.

Ed Callahan: Thank you, Mr. Chairman. My name is Ed Callahan and I am with Rockingham Park in Salem, New Hampshire. I don't believe that I am sleazy and scummy, but we won't get into that.

Senator Barnes: Neither do we.

Mr. Callahan: Thank you very much, Senator. I think Senator Gatsas has a considerably better proposal in his amendment than what I looked at last year. There are a couple of concerns that I would have, being part of the gambling industry in the State of New Hampshire.

Handles at the racetracks declined dramatically when casinos were brought into Connecticut and the ability to compete was minimal. The handle at Rockingham Park went from approximately $190 some odd million down to $93 million in 1992. We have brought that back to about $119 million this past year; but it is still considerably less than it was prior to the world's largest casinos, which operate in Connecticut.

Even if Rockingham were to become a licensed facility under this bill, seeing that number one, it could potentially be taken away after a year or two if a constitutional amendment were put in or, in five years if the Commission decided that we weren't a good location. The renovations that would be necessary to provide an appropriate facility I don't believe could be done under an 8% gross lease. If you look at some of the facilities in the country that have been built and even some of the smaller ones, less ornate ones, you are looking in the vicinity of $20 to $30 million to do it the right way. Trying to finance that over a five-year period with the question of a constitutional amendment reducing the ability to go for even the full five years would make it impossible to finance.

Number two, trying to pay for it in five years, which would be the condition I believe of any financing because of the fact that a license may not exist after five years, if we were to spend even $20 million, interest fee, you are talking $4 million a year for a facility. I couldn't exactly hear, but I think that the revenue at 8% would be a little over $3 million at one of these facilities.

If you don't do it appropriately, I don't believe it will be competitive in the event that there are additional gaming venues, whether it is Vermont, Massachusetts, Maine, wherever they might be. I think that you want facilities that you can be proud of. I think you want facilities that will be able to sustain that revenue and I think it is shown in places in the country if you do this in an appropriate manner, that revenue is absolutely sustainable. Atlantic City, I believe it is now thirty-six years, it has continued its growth. They were very concerned this past year after September 11th. There was some concern that, for the first time, they might not match or exceed the previous year. They had a reasonable November and December and exceeded their 2000 numbers. If you look at Delaware; if you look at West Virginia; if you looked at New Mexico; if you looked at Rhode Island and, every year after they commenced operations, those revenues have increased, not always with the best facilities, mind you, but I think you can see where the facilities that are the most appropriate or attractive to the customers are the ones that are the most sustainable and can generally produce the greatest revenue on behalf of the State of New Hampshire.

One of the concerns that I have in the town vote is that currently the way it is worded, it is "would you approve this as a licensed facility". The fact is, the vote has to be taken before a facility can be licensed. In the case of say, Manchester, potentially you may have five, six, eight locations that desire the license and does the City, in approving it and not knowing where it might be, I think makes it extremely difficult to pass any type of a referendum of that nature and I think there needs to be a location designated upon that approval. I don't think, in my instance in the Town of Salem, that approval would be granted to the Holiday Inn, to be very honest. I don't think that that is what the people in Salem would like to see. That is simply my opinion. But, if it is at Rockingham Park, if it is at the Salem bingo hall, then maybe that is something that the community would address and vote appropriately for.

But, to have it, as it is currently worded, I believe would need to be changed and I think in the case of gambling in any referendums that have been held in the State for gambling have basically been site specific. In the case of racing, it is not a matter of put it anywhere in the world. There is a plan approved for where that racetrack would be and people would be voting no to that as the licensed facility. So, I have some concerns with the way that is structured.

There is some other language, but I would have very serious concerns on our ability ultimately to compete and, competition wise, purses are definitely the name of the game. The better horses we can bring to the area, the better we can fill races with horses, the better the pari-mutuel industry will do. This bill does not provide anything for that end of it and if it were to be held at Rockingham Park, I do not believe that the 8% would satisfy even the requirements of the gross lease, never mind providing incentives for the horsemen. So, I would have some concerns with that particular percentage.

Senator D'Allesandro: Questions? Senator Barnes?

Senator Barnes: Thank you. I have listened to a lot of conversation and a lot of people. Some people think they are opposed to this because they don't feel that this plan that Senator Gatsas has put forward helps the racing industry grow and keep it alive. The word out there is that it is dying, the horses have got their legs up in the air waiting for the rigormortis to set in and this bill doesn't address the fact that the racing industry will get bumped like they did in Delaware. We have heard stories from Delaware that great things happened. So, what are they doing there differently than Senator Gatsas' plan?

Mr. Callahan: I'm not sure that I understand.

Senator Barnes: They tell me the tracks were dying in Delaware before the gambling went into Dover Downs or wherever the place might be. Now they tell me that everything is wonderful. They've got horse farms out there that are growing.

Mr. Callahan: Within the legislation in Delaware, and in most states where video lottery has gone in, there is revenue dedicated from the machines that would go directly to

purses. In Delaware, it is approximately 10% of the overall revenue dedicated to purses at that facility. In Rhode Island, I believe it is about 6%; it may have been dropped down to around 4%. But, it is somewhere in that 4 to 6% in Rhode Island. In New Mexico there is money dedicated for purses and breeding. In West Virginia, there is money dedicated to purses and breeding. Iowa, I am not sure, it is not under the lottery commission is Iowa, but there is money that ends up in purses. Not as much as I would like to see, to be very honest. In most cases, those states were looking to continue the economic vitality and economic benefit, particularly of having horses within that state.

New Hampshire still has a number of farms that board horses, train horses, but nowhere near the number of farms that existed even ten or fifteen years ago. In Delaware, what they found was, by dramatically improving the purses and providing much greater breeders' incentives than has existed before, those farms that existed grew and new farms have been built. There are horses being bred. I think in New Hampshire last year we may have had two registered thoroughbreds that were foaled in this State. Massachusetts has, in essence, a small program and they have done reasonably well with it. But, the fact is, with a decent program similar to what this State had a number of years ago with standard breds, there would be an ability to breed a horse in this State, to foal a horse in this State, and, in a couple of years, to be able to race the horse in this State. And, that, all the way through the process, adds to the economic picture of what agriculture and racing do in this State. So, those provided specific revenue for those processes.

Senator Barnes: Thank you very much.

Senator D'Allesandro: One thing I want to make clear. The legislation in Delaware was specifically for the horse industry. The title of the bill had to do with the horse industry.

Senator Barnes: It wasn't for the benefit of the state, education wise or what have you?

Senator D'Allesandro: No. All the money goes into the general fund. But, the specific title of the legislation had to do with the restoration and rejuvenation of the horse racing industry, both thoroughbred and standard bred.

Senator Barnes: They apparently weren't facing what we are currently facing here?

Senator D'Allesandro: Right. Senator Eaton?

Senator Eaton: Thank you, Mr. Chairman. We would all like to see more horse farms and agriculture like that around here. But, Senator Gatsas' bill is a bill for video slots. Why do you feel that that has to pull in the horse racing industry? If you had one of the licenses at your track, that is automatically going to bring people into the horse racing, too, to increase your daily handle and number of people that come there. So, one is going to benefit the other and that is one way to update and keep your track going better.

Mr. Callahan: Depending on how this legislation will ultimately pass will determine whether or not Rockingham would desire to be part of a facility. If it were to pass in its current form, I do not believe that Rockingham would apply. In the event that Rockingham doesn't apply, or maybe Rockingham would be in a position that maybe we take a portion of the property and apply for a video license. But, I don't think that under the percentages proposed in this bill that racing and video lottery could co-exist under those percentages.

Senator D'Allesandro: Senator Barnes?

Senator Barnes: What percentage do you think would be workable for your track?

Mr. Callahan: I'm not sure, sir, inasmuch as I have not looked a whole lot at this type of lottery. This is very similar to Canada. In Canada, approximately 20% goes to the racetracks that host video lottery. It is for a gross lease. 50% of that revenue goes directly to the horsemen and purses. I'm not sure if it is also part of Woodbine or not. They deal in Canadian money also, sir. But, approximately 20% in the case of Woodbine, that is how that is structured, rather than 8%.

Senator Barnes: Thank you.

Senator D'Allesandro: Any further questions? Thank you very much. We appreciate your testimony.

Tape change.

Senator D'Allesandro: ...letter will be read into the record. For the record, the letter comes from Bradford E. Cook, the Legislative Representative, and he represents the Roman Catholic Bishop of Manchester, the Diocese of Manchester, and they are writing in opposition to this piece of legislation. **Please see January 18, 2001 letter from Attorney Bradford E. Cook, Sheehan, Phinney, Bass & Green, attached hereto and referred to as Attachment #3.**

Senator Barnes: Mr. Chairman.

Senator D'Allesandro: Senator Barnes?

Senator Barnes: Is it appropriate to go into Executive Session?

Senator D'Allesandro: Well, we will have to close the hearing first. Is there anyone else who wishes to speak?

Steve Griffin: I am with the Granite State Coalition Against Expanded Gambling.

Senator D'Allesandro: Please state your name.

Mr. Griffin: My name is Steve Griffin. I am sorry for my attire today. I wasn't aware of the hearing until this morning.

Senator D'Allesandro: Your testimony is not measured upon your dress.

Mr. Griffin: Thank goodness. The Granite State Coalition Against Expanded Gambling opposes any form of expansion of gambling and they would consider this an expansion of gambling. That's all I have.

Senator D'Allesandro: Thank you very much for your testimony. Is there anyone else who wishes to testify for or against the amendment proposed by Senator Gatsas to SB 198? If not, we will close the hearing on rereferred SB 198, as amended.

Hearing concluded.

Respectfully submitted,

Recorded by Rosalie Brooks Patch
Transcribed by Rosalie Brooks Patch and L. Gail Brown
10/16/02

5 Attachments

SB 198 Presentation

Good morning fellow committee members. I appreciate the opportunity to come before you this morning to speak about Senate Bill 198 and to offer an amendment. For the record, my name is Ted Gatsas and I am the Senator for District 16. After spending a great deal of time over the last year working on this piece of legislation, I have come to develop the following amendment.

As you will see, this amendment completely revamps the structure of this piece of legislation. The liquor store concept has been eliminated. A new concept has been developed after listening to input from a wide variety of people, both gambling opponents and proponents alike, including the Attorney General, the Commissioner of Revenue Administration, the Commissioner of Safety, State Senators, State Representatives, and constituents. I thought that it was important to develop a piece of legislation that would make the most sense for the State of New Hampshire, so I solicited as many opinions as I could. Most importantly, I wanted to develop a plan that would ensure that the State of New Hampshire and its taxpayers received the lion's share of any revenue generated from gaming.

I offer this voluntary source of revenue as an alternative to a new broad-based tax. Before I explain this amendment, I would like to briefly explain why I believe that the State of New Hampshire is in desperate need of a

new revenue source. While our books are balanced to this point, this will not be the case in the coming years. Based on legislative action taken last year, we will need to raise an additional $192,000,000 for FY 2003-2004. The figures are as follows: the phase out of the Legacies and Succession Tax will cost $40 million per year, which equals $80 million over the biennium. The 6th Quarter Effect of the Business Enterprise Tax equals $20 million. The School Funding Increases with a cap of 4% will be $36 million per year or $72 million over the biennium. The Revenue Sharing Program will be $5 million in FY 2003 and $10 million in FY 04, which is another $15 million. And finally, the Amnesty Program will be $5 million, which brings us to the grand total of $192 million. Early in December I wrote to the Legislative Budget Director in order to clarify my figures. I have provided a copy to all of you in the packet that I have passed out. This $192 million figure does not include one penny for payroll increases or an additional dollar spent for any state program. I for one want to address this problem now rather than wait until the final hour of the final day in which we can adopt a budget. If we follow the same course that we did last year, then you can bet that we will end up with increases in business taxes, telecommunications taxes, and other smaller taxes without any time for debate. That is why I think that it is so important for us to take a hard look at our available revenue sources in an off budget year.

(Read from the bullet point page)

What will my plan mean for the taxpayers of New Hampshire? I have provided all of you with a spreadsheet outlining what a $2.00 cut in the statewide property tax means for our communities. At our current rate of $5.80, there are 55 donor towns. Under my plan, that number would be cut by 24 leaving only 31 donor towns remaining. The total donor amount will drop from $32.7 million to $8.8 million that is paid to the state. The remaining 31 donor towns will pay $8.8 million rather than $20.6 million they pay under the current property tax rate. Total Adequate Education Grants will increase from $411 million to $579 million. The 24 donor towns that become receiver towns go from paying $12 million to receiving $10 million from the state. I encourage everyone to look at the spreadsheets that I have provided in order to see just how much of an impact this tax cut will have.

I have also included a spreadsheet with the 24 donor towns that will become receiver towns under my plan. You will also note that I have included a list of each state senators hometown so that they can see for themselves what enormous tax relief and additional education grants this will provide in their own community. Unlike other plans, there are no losers. Everyone realizes much-needed tax relief and an increase in state education aid. While there are still donor towns, the number will be drastically reduced and those that remain will also realize the benefits of this plan.

I have heard a great deal of criticism regarding the sustainability of this type of revenue source. I won't insult

your intelligence with slanted studies on either side of the issue; instead I will let you make the decision on your own. I did not fabricate the projected revenues that I have used in this bill. The Governor's Blue Ribbon Commission and the Sweepstakes Commission have both independently come up with these figures. If you were to take a close look at the revenue figures for video lottery machines in other states excluding casinos like Atlantic City and Las Vegas, you will see that the $296 per day per machine figure is simply average. However, if these revenue estimates are off, the State of New Hampshire and its taxpayers will still realize an enormous benefit. In fact, the projected revenues could be off by more than 25% and we would still see a $2.00 statewide property tax cut.

I believe that this revenue source will be sustainable because New Hampshire is a unique state. I would not for one-minute try to persuade you that these 8 locations will become destination spots for out of state tourists. However, I will tell you that they will surely complement the thriving tourism industry that we already have here in New Hampshire. Each year more that 26 million people come to New Hampshire for vacation, recreation, and to shop. During FY 2000, the total direct and indirect spending by travelers and tourists increased by 13% over two years reaching $5.2 billion. Video lottery will give visitors another recreational resource while they are spending time and money in our state. New Hampshire is a destination state, and if we give tourists additional opportunities to spend their time and their money then everyone will win. Of course, this does not take into

account all of the people in our own state that will visit these video lottery facilities.

If we enact this piece of legislation now, we can be up and running in less than a year and begin bringing in necessary revenues before we face the budget crunch next year.

I want to thank you all for your time and attention to this piece of legislation. I will entertain any questions that you might have.

#1-A

Senate Bill 198

- The amended version of Senate Bill 198 establishes a Gaming Oversight Authority comprised of the Commissioner of Safety, the Commissioner of Revenue Administration, and the Commissioner of the Department of Resource and Economic Development. The Commissioner of Safety will serve as the chair.

- The Gaming Oversight Authority will issue 8 facilities licenses after reviewing proposals and conducting intensive background checks. In order to apply, a prospective facility must pay a $150,000 non-refundable application and investigation fee.

- Before an applicant can apply for a facilities license for the state to operate video lottery machines they must have the approval of their local community. The community may approve this operation at a town meeting or by voting on an official ballot during a municipal election or by a super majority vote of the governing body.

- The Gaming Oversight Authority will grant a facilities license based on the following criteria:

1. Evidence provided by the applicant that that they have received any required local approval.
2. The regional location of the prospective facilities licensee.
3. A detailed economic plan for the municipality and surrounding region including; unemployment in the area, direct and indirect employment gain, effect on tourism based economy, effect on regional economic development, and tourist trends.
4. A business plan to support the video lottery machines.
5. Qualifications of those who own or manage the prospective facilities licensee.
6. Regional population.
7. Vehicle traffic.
8. Total square footage of the facility and total acreage of the facility.
9. Availability of suitable infrastructure.
10. Availability of adequate parking.
11. And, Other information that the Gaming Oversight Authority may require.

- The application will include the full name, residence, date of birth, and other personal identifying information of the applicant, and if a corporation or other form of business enterprise exists, the same information shall be provided with respect to each partner, trustee, officer, director, and any shareholder or other holder who owns more than 5 percent of the legal or beneficial interests of the entity.

- An extensive investigation will be carried out by the Attorney General and the report of the results will be presented to the Gaming Oversight Authority within 90 days. The final decision will also be based on the applicant proving to the Gaming Oversight Authority that they have financial stability, have a good reputation with all

financial backers, and have good character and integrity as it pertains to their business activities and financial affairs.

- A facilities license will be granted for five years, although the Gaming Oversight Authority has the right to suspend or revoke the license at anytime. Once a facilities license is granted it cannot be assigned, transferred, or sold.

- The facilities license will pay for the heat, electricity, water, sewer, and maintenance of the facility in exchange for the terms of the lease agreement with the state.

- The facilities licensee will be responsible for serving all food and beverages within the facility.

- A Division of Gaming Enforcement will be established within the Department of Safety to operate the video lottery machines located in the 8 facilities ensuring the integrity of the program. Only these state employees will have direct contact with the video lottery machines. This will be a state-operated and state-controlled program ensuring its integrity.

- A director of Gaming Enforcement will be established in order to hire and manage employees for the day to day operation of all video lottery locations ensuring the integrity of the program.

- No person under the age of 21 will be allowed to play a video lottery machine. If they are caught violating this provision, the penalty will be a fine of no more than $1000. If a state employee knowingly allows someone under the age of 21 to play then they too will be subject to a $1000 penalty.

- Administrative penalties of $50,000 will be levied in order to punish any misconduct and to deter future violations. After two administrative penalties, the Gaming Oversight Authority can either revoke or suspend the license indefinitely.

- This amendment will authorize 3500 video lottery machines at the 8 state-operated location. A facility will have no more than 800 machines and no less than 300. The Gaming Oversight Authority will have the ability to raise that number to 5500 after the first 12 months. In this instance, one location will have no more than 25% of the total number of machines distributed.

- The video lottery machines will pay out at least 87% on an annual basis.

- The Sweepstakes Commission will certify net machine income and establish a centralized computer system linking all video lottery machines to ensure the control of the machines. They will enter into lease agreements with up to three technology providers to provide leased video lottery machines to the state.

- The Distribution of the Net Machine Income is as follows: **(See attached sheet)**

- Any unused portions of the moneys disbursed will be deposited into the general fund.

- This video lottery program will allow new revenues to begin coming into the state coffers before the adoption of the next biennium budget.

- The video lottery program established by this bill will be repealed if a constitutional amendment is passed with respect to the state role in education funding.

Senate Bill 198 Net Machine Income

*** 3500 machines x $296 per machine x 365 days per year = $378,140,000**
(Net machine income figures taken from the Governor's Blue Ribbon Commission and the Sweepstakes Commission)

The distribution of the net machine income is as follows:

60%	Property Tax Relief Fund	$226,884,000
	A. $2.00/$1000 State Property Tax Reduction	$166,000,000
	B. General Fund	$ 60,884,000
15%	Dept. of Safety	$56,721,000
8%	Facilities Licensee	$30,251,200
6%	Technology Provider	$22,688,400
5%	School Construction/Rehabilitation	$18,907,000
2.5%	Counties	$9,453,500 ($945,350 per county)
2%	Sweepstakes	$7,562,800
1%	Towns with Machines	$3,781,400 ($1,080.40 per machine)
.5%	Addiction Prevention Programs	$1,890,700

The Senate of the State of New Hampshire

107 N. Main Street, Room 302, Concord, N.H. 03301-4951

THEODORE L. GATSAS
District 16

Office 271-2111

TTY/TDD
1-800-735-2964

December 3, 2001

Mr. Michael Buckley
Legislative Budget Director
Room 102, Statehouse
Concord, NH 03301

Dear Mike,

I am writing to request some clarification with respect to some financial issues that we have discussed over the last few weeks. If you would be so kind to respond in writing I would appreciate it.

We spoke of a new revenue stream of potentially more than $190 million dollars needed in FY 2003-2004. The figures that I have are as follows:

1.	Legacies and Succession Tax phase-out: ($40 million per year)	$80,000,000
2.	6th Quarter Effect of the BET:	$20,000,000
3.	School Funding Increases with a 4% cap: ($36 million per year)	$72,000,000
4.	Revenue Sharing: ($5 million 2003 and $10 million 2004)	$15,000,000
5.	Amnesty Program:	$5,000,000
	Total	$192,000,000

Please make any additions that I have missed or corrections to the numbers that I have provided and include a detailed list of your own figures.

Thank you for your attention to this matter. I look forward to your response.

Sincerely,

Theodore L. Gatsas
State Senate-District 16

Impact of $3.80 Statewide Property Tax
$2.00 Reduction from Current Rate of $5.80
FY 03 Summary

- Total Adequate Education Grants increase from $411 million to $579 million.

- Grants to receiver towns only increases from $444 million to $588 million.

- Those cities and towns which are current receivers at $5.80 will receive $133 million more with a $2.00 reduction in the statewide property tax rate.

- The 24 towns which are donors at 5.80 but receiver at 3.80 switch from paying to the state $12 million to receiving $10 million from the state.

- Total donor amount drops from $32.7 million to $8.8 million.

- Number of donor towns drops from 55 to 31.

- The 31 towns, which are donors at $5.80 and remain so at $3.80 see their donor amount drop from $20.6 million to $8.8 million.

Former Donor Towns

Towns	Cost of an Adequate Education FY 03	Rate of $5.80 per $1000 Value	Rate of $3.80 per $1000 Value	Difference Paid to the State	Education Grant $5.80 per $1000	Education Grant $3.80 per $1000	Difference Paid To The Towns
Alton	2,986,733	3,658,434	2,396,905	-1,261,529	-671,701	589,828	1,261,529
Bartlett	1,960,859	2,904,526	1,902,965	-1,001,561	-943,667	57,894	1,001,561
Bridgewater	645,377	825,472	540,827	-284,646	-180,095	104,550	284,645
Dublin	863,799	872,009	571,316	-300,693	-8,210	292,483	300,693
Easton	144,990	163,982	107,437	-56,546	-18,992	37,553	56,545
Errol	191,932	224,277	146,940	-77,337	-32,345	44,992	77,337
Grantham	1,175,987	1,540,878	1,009,541	-531,337	-364,891	116,446	481,337
Greenland	2,034,519	2,111,087	1,383,126	-727,961	-76,568	651,393	727,961
Hampton	8,234,458	9,620,445	6,303,050	-3,317,395	-1,385,987	1,931,408	3,317,395
Hampton Falls	1,269,393	1,443,401	945,677	-497,724	-174,008	323,716	497,724
Hanover	4,424,317	5,683,216	3,723,486	-1,959,730	-1,258,899	700,831	1,959,730
Hart's Location	29,483	43,727	28,649	-15,078	-14,244	834	15,078
Holderness	1,467,362	1,864,447	1,221,535	-642,913	-397,085	245,827	642,912
Meredith	4,165,560	4,415,528	2,892,932	-1,522,596	-249,968	1,272,628	1,522,596
Newbury	1,308,547	1,650,302	1,081,232	-569,070	-341,755	227,315	569,070
North Hampton	2,700,428	3,474,341	2,276,292	-1,198,049	773,913	424,136	1,198,049
Pittsburg	542,292	702,569	460,304	-242,265	-160,277	81,988	242,265
Portsmouth	10,560,914	14,274,787	9,352,447	-4,922,340	-3,713,873	1,208,467	4,922,340
Sandwich	863,201	1,245,733	816,270	-429,563	-382,531	47,031	429,562
Stoddard	544,479	727,253	476,476	-250,777	-182,774	68,003	250,777
Sugar Hill	349,574	452,640	296,558	-156,083	-103,066	53,016	156,082
Sunapee	2,378,778	2,714,485	1,778,456	-936,029	-335,707	600,322	936,029
Wentworth Location	32,715	35,323	23,143	-12,180	-2,608	9,572	12,180
Wolfeboro	4,471,665	4,765,737	3,122,379	-1,643,358	-294,072	1,349,286	1,643,358

State Senator's Home Towns

Towns	Cost of an Adequate Education FY 03	Rate of $5.80 per $1000 Value	Rate of $3.80 per $1000 Value	Difference Paid to the State	Education Grant $5.80 per $1000	Education Grant $3.80 per $1000	Difference Paid To The Towns
Alton	2,986,733	3,658,434	2,396,905	-1,261,529	-671,701	589,828	1,261,529
Antrim	2,439,335	730,024	478,292	-251,733	1,709,311	1,961,043	251,732
Bedford	13,367,956	10,431,664	6,834,539	-3,597,126	2,936,292	6,533,417	3,597,125
Bristol	2,514,270	1,236,571	810,167	-426,404	1,277,699	1,704,103	426,404
Claremont	10,398,433	2,627,941	1,721,754	-906,187	7,770,492	8,676,679	906,187
Concord	26,385,913	12,432,058	8,145,141	-4,286,917	13,953,855	18,240,772	4,286,917
Durham	4,370,758	2,939,865	1,926,119	-1,013,747	1,430,893	2,444,639	1,013,746
Hampton	8,234,458	9,620,445	6,303,050	-3,317,395	-1,385,987	1,931,408	3,317,395
Meredith	4,165,560	4,415,528	2,892,932	-1,522,596	-249,968	1,272,628	1,522,596
New Castle	413,945	2,051,405	1,344,024	-707,381	-1,637,460	-930,079	707,381
Hudson	16,510,798	9,013,536	5,905,420	-3,108,116	7,497,262	10,605,378	3,108,116
Keene	14,036,026	6,150,409	4,029,579	-2,120,831	7,885,617	10,006,447	2,120,830
Kingston	4,263,783	2,392,498	1,567,499	-824,999	1,871,285	2,696,284	824,999
Lebanon	7,717,590	6,153,744	4,031,763	-2,121,981	1,563,846	3,685,827	2,121,981
Manchester	71,628,305	29,155,221	19,101,697	-10,053,525	42,473,084	52,526,608	10,053,524
Nashua	61,190,403	31,698,163	20,767,762	-10,930,401	29,492,240	40,422,641	10,930,401
Raymond	8,298,614	2,686,127	1,759,876	-926,251	5,612,487	6,538,738	926,251
Rochester	21,566,751	6,959,624	4,559,754	-2,399,870	14,607,127	17,006,997	2,399,870
Sharon	215,148	153,031	100,262	-52,769	62,117	114,886	52,769
Whitefield	1,835,803	563,294	369,055	-194,239	1,272,509	1,466,748	194,239
Windham	8,570,180	6,214,134	4,071,329	-2,142,805	2,356,046	4,498,851	2,142,805

Impact of $3.80 Statewide Property Tax $2.00 Per K Reduction

(Communities identified in bold are the donor towns@$5.80 per $1000 of equal valuation)

Community	Total equalized Val 4/1/00 w/o utilities $83,737,423,488	Cost of an Adequate Education FY03 896,869,535	Rate of $5.80 per $1,000 Value $485,677,056	Rate of $3.80 per $1,000 Value 318,202,209	Difference (167,474,847)	Adequate Education Grant FY03 5.80 per K 411,192,479	Adequate Education Grant FY03 3.80 per K 578,667,326
ACWORTH	45,853,203	720,834	265,949	174,242	(91,706)	454,885	546,592
ALBANY	45,557,885	560,698	264,236	173,120	(91,116)	296,462	387,578
ALEXANDRIA	87,313,233	1,171,299	506,417	331,790	(174,626)	664,882	839,509
ALLENSTOWN	144,264,943	3,825,104	836,737	548,207	(288,530)	2,988,367	3,276,897
ALSTEAD	81,513,130	1,541,077	472,776	309,750	(163,026)	1,068,301	1,231,327
ALTON	**630,764,407**	**2,986,733**	**3,658,434**	**2,396,905**	**(1,261,529)**	**(671,701)**	**589,828**
AMHERST	983,172,695	10,199,700	5,702,402	3,736,056	(1,966,345)	4,497,298	6,463,644
ANDOVER	131,271,209	1,499,514	761,373	498,831	(262,542)	738,141	1,000,683
ANTRIM	125,866,258	2,439,335	730,024	478,292	(251,733)	1,709,311	1,961,043
ASHLAND	116,680,459	1,452,510	676,747	443,386	(233,361)	775,763	1,009,124
ATKINSON	564,942,635	3,936,472	3,276,667	2,146,782	(1,129,885)	659,805	1,789,690
ATK. & GILMANTON ACADEMY	**492,908**		**2,859**	**1,873**	**(986)**	**(2,859)**	**(1,873)**
AUBURN	306,614,170	3,795,494	1,778,362	1,165,134	(613,228)	2,017,132	2,630,360
BARNSTEAD	210,059,800	3,101,207	1,218,347	798,227	(420,120)	1,882,860	2,302,980
BARRINGTON	414,715,828	5,723,022	2,405,352	1,575,920	(829,432)	3,317,670	4,147,102
BARTLETT	**500,780,259**	**1,960,859**	**2,904,526**	**1,902,965**	**(1,001,561)**	**(943,667)**	**57,894**
BATH	46,730,185	770,343	271,035	177,575	(93,460)	499,308	592,768
BEAN'S GRANT			-	-	-	-	-
BEAN'S PURCHASE	**67,979**		**394**	**258**	**(136)**	**(394)**	**(258)**
BEDFORD	1,798,562,805	13,367,956	10,431,664	6,834,539	(3,597,126)	2,936,292	6,533,417
BELMONT	332,448,019	5,677,552	1,928,199	1,263,302	(664,896)	3,749,353	4,414,250
BENNINGTON	58,403,443	1,137,360	338,740	221,933	(116,807)	798,620	915,427
BENTON	12,209,432	216,921	70,815	46,396	(24,419)	146,106	170,525
BERLIN	285,181,508	6,874,031	1,654,053	1,083,690	(570,363)	5,219,978	5,790,341
BETHLEHEM	125,783,582	1,903,138	729,545	477,978	(251,567)	1,173,593	1,425,160
BOSCAWEN	127,123,902	2,411,083	737,319	483,071	(254,248)	1,673,764	1,928,012
BOW	594,492,275	6,764,250	3,448,055	2,259,071	(1,188,985)	3,316,195	4,505,179
BRADFORD	103,117,703	1,210,011	598,083	391,847	(206,235)	611,928	818,164
BRENTWOOD	230,770,259	2,083,389	1,338,468	876,927	(461,541)	744,921	1,206,462
BRIDGEWATER	**142,322,792**	**645,377**	**825,472**	**540,827**	**(284,646)**	**(180,095)**	**104,550**
BRISTOL	213,201,966	2,514,270	1,236,571	810,167	(426,404)	1,277,699	1,704,103
BROOKFIELD	47,527,334	476,208	275,659	180,604	(95,055)	200,549	295,604

Community	Total equalized Val 4/1/00 w/o utilities $83,737,423,488	Cost of an Adequate Education FY03 896,869,535	Rate of $5.80 per $1,000 Value $485,677,056	Rate of $3.80 per $1,000 Value 318,202,209	Difference (167,474,847)	Adequate Education Grant FY03 5.80 per K 411,192,479	3.80 per K 578,667,326
BROOKLINE	251,090,333	3,756,778	1,456,324	954,143	(502,181)	2,300,454	2,802,635
CAMBRIDGE	**4,371,002**	**12,156**	**25,352**	**16,610**	**(8,742)**	**(13,196)**	**(4,454)**
CAMPTON	153,599,296	2,476,644	890,876	583,677	(307,199)	1,585,768	1,892,967
CANAAN	162,900,754	2,634,953	944,824	619,023	(325,802)	1,690,129	2,015,930
CANDIA	222,000,056	2,777,559	1,287,600	843,600	(444,000)	1,489,959	1,933,959
CANTERBURY	130,003,080	1,320,415	754,018	494,012	(260,006)	566,397	826,403
CARROLL	**146,451,171**	**492,015**	**849,417**	**556,514**	**(292,902)**	**(357,402)**	**(64,499)**
CENTER HARBOR	**256,164,402**	**707,534**	**1,485,754**	**973,425**	**(512,329)**	**(778,220)**	**(265,891)**
CHANDLER'S PURCHASE	**14,787**		**86**	**56**	**(30)**	**(86)**	**(56)**
CHARLESTOWN	162,974,171	3,911,718	945,250	619,302	(325,948)	2,966,468	3,292,416
CHATHAM	26,915,750	221,800	156,111	102,280	(53,832)	65,689	119,520
CHESTER	247,360,923	2,943,522	1,434,693	939,972	(494,722)	1,508,829	2,003,550
CHESTERFIELD	278,064,808	2,824,715	1,612,776	1,056,646	(556,130)	1,211,939	1,768,069
CHICHESTER	128,226,120	1,466,399	743,711	487,259	(256,452)	722,688	979,140
CLAREMONT	453,093,253	10,398,433	2,627,941	1,721,754	(906,187)	7,770,492	8,676,679
CLARKSVILLE	17,430,920	223,582	101,099	66,237	(34,862)	122,483	157,345
COLEBROOK	85,266,541	1,743,358	494,546	324,013	(170,533)	1,248,812	1,419,345
COLUMBIA	28,921,731	547,641	167,746	109,903	(57,843)	379,895	437,738
CONCORD* (Penacook)	2,143,458,278	26,385,913	12,432,058	8,145,141	(4,286,917)	13,953,855	18,240,772
CONWAY	732,059,493	6,784,117	4,245,945	2,781,826	(1,464,119)	2,538,172	4,002,291
CORNISH	83,092,733	1,267,983	481,938	315,752	(166,185)	786,045	952,231
CRAWFORD'S PURCHASE	**206,702**		**1,199**	**785**	**(413)**	**(1,199)**	**(785)**
CROYDON	39,725,225	468,655	230,406	150,956	(79,450)	238,249	317,699
DALTON	44,493,090	719,000	258,060	169,074	(88,986)	460,940	549,926
DANBURY	54,852,841	934,144	318,146	208,441	(109,706)	615,998	725,703
DANVILLE	210,075,301	2,978,694	1,218,437	798,286	(420,151)	1,760,257	2,180,408
DEERFIELD	234,215,277	3,082,696	1,358,449	890,018	(468,431)	1,724,247	2,192,678
DEERING	87,856,254	1,356,597	509,566	333,854	(175,713)	847,031	1,022,743
DERRY COMBINED	1,662,427,506	29,131,342	9,642,080	6,317,225	(3,324,855)	19,489,262	22,814,117
DIX GRANT	**577,264**		**3,348**	**2,194**	**(1,155)**	**(3,348)**	**(2,194)**
DIXVILLE	**14,608,604**	**6,409**	**84,730**	**55,513**	**(29,217)**	**(78,321)**	**(49,104)**
DORCHESTER	19,450,699	297,199	112,814	73,913	(38,901)	184,385	223,286
DOVER	1,540,825,917	15,273,884	8,936,790	5,855,138	(3,081,652)	6,337,094	9,418,746
DUBLIN	**150,346,327**	**863,799**	**872,009**	**571,316**	**(300,693)**	**(8,210)**	**292,483**
DUMMER	31,112,396	271,828	180,452	118,227	(62,225)	91,376	153,601
DUNBARTON	137,157,229	1,387,966	795,512	521,197	(274,314)	592,454	866,769

Community	Total equalized Val 4/1/00 w/o utilities $83,737,423,488	Cost of an Adequate Education FY03 896,869,535	Rate of $5.80 per $1,000 Value $485,677,056	Rate of $3.80 per $1,000 Value 318,202,209	Difference (167,474,847)	Adequate Education Grant FY03 5.80 per K 411,192,479	Adequate Education Grant FY03 3.80 per K 578,667,326
DURHAM	506,873,324	4,370,758	2,939,865	1,926,119	(1,013,747)	1,430,893	2,444,639
EAST KINGSTON	141,390,566	1,426,982	820,065	537,284	(282,781)	606,917	889,698
EASTON	**28,272,782**	**144,990**	**163,982**	**107,437**	**(56,546)**	**(18,992)**	**37,553**
EATON	41,804,169	257,096	242,464	158,856	(83,608)	14,632	98,240
EFFINGHAM	81,965,860	901,415	475,402	311,470	(163,932)	426,013	589,945
ELLSWORTH	6,767,263	59,143	39,250	25,716	(13,535)	19,893	33,427
ENFIELD	230,582,194	2,573,760	1,337,377	876,212	(461,164)	1,236,383	1,697,548
EPPING	284,417,210	4,244,984	1,649,620	1,080,785	(568,834)	2,595,364	3,164,199
EPSOM	192,489,181	2,660,017	1,116,437	731,459	(384,978)	1,543,580	1,928,558
ERROL	**38,668,440**	**191,932**	**224,277**	**146,940**	**(77,337)**	**(32,345)**	**44,992**
ERVING'S GRANT	**54,228**		**315**	**206**	**(108)**	**(315)**	**(206)**
EXETER	913,517,393	9,557,183	5,298,401	3,471,366	(1,827,035)	4,258,782	6,085,817
FARMINGTON	217,668,122	5,910,716	1,262,475	827,139	(435,336)	4,648,241	5,083,577
FITZWILLIAM	116,302,128	1,613,755	674,552	441,948	(232,604)	939,203	1,171,807
FRANCESTOWN	115,605,311	1,210,012	670,511	439,300	(231,211)	539,501	770,712
FRANCONIA	109,497,431	675,490	635,085	416,090	(218,995)	40,405	259,400
FRANKLIN	294,586,814	6,976,293	1,708,604	1,119,430	(589,174)	5,267,689	5,856,863
FREEDOM	**191,059,043**	**633,907**	**1,108,142**	**726,024**	**(382,118)**	**(474,235)**	**(92,117)**
FREMONT	197,533,260	2,558,669	1,145,693	750,626	(395,067)	1,412,976	1,808,043
GILFORD	788,453,105	4,816,467	4,573,028	2,996,122	(1,576,906)	243,439	1,820,345
GILMANTON	196,342,518	2,357,232	1,138,787	746,102	(392,685)	1,218,445	1,611,130
GILSUM	31,622,456	484,123	183,410	120,165	(63,245)	300,713	363,958
GOFFSTOWN	780,770,755	10,030,083	4,528,470	2,966,929	(1,561,542)	5,501,613	7,063,154
GORHAM	154,470,721	2,057,584	895,930	586,989	(308,941)	1,161,654	1,470,595
GOSHEN	39,362,904	639,933	228,305	149,579	(78,726)	411,628	490,354
GRAFTON	53,485,931	845,869	310,218	203,247	(106,972)	535,651	642,622
GRANTHAM	**265,668,593**	**1,175,987**	**1,540,878**	**1,009,541**	**(531,337)**	**(364,891)**	**166,446**
GREEN'S GRANT	**2,639,894**		**15,311**	**10,032**	**(5,280)**	**(15,311)**	**(10,032)**
GREENFIELD	84,600,576	1,347,617	490,683	321,482	(169,201)	856,934	1,026,135
GREENLAND	**363,980,472**	**2,034,519**	**2,111,087**	**1,383,126**	**(727,961)**	**(76,568)**	**651,393**
GREENVILLE	60,467,716	1,735,082	350,713	229,777	(120,935)	1,384,369	1,505,305
GROTON	23,483,673	430,902	136,205	89,238	(46,967)	294,697	341,664
HALE'S LOCATION	**30,304,106**		**175,764**	**115,156**	**(60,608)**	**(175,764)**	**(115,156)**
HAMPSTEAD	619,826,212	7,041,430	3,594,992	2,355,340	(1,239,652)	3,446,438	4,686,090
HAMPTON	**1,658,697,479**	**8,234,458**	**9,620,445**	**6,303,050**	**(3,317,395)**	**(1,385,987)**	**1,931,408**
HAMPTON FALLS	**248,862,240**	**1,269,393**	**1,443,401**	**945,677**	**(497,724)**	**(174,008)**	**323,716**

Community	Total equalized Val 4/1/00 w/o utilities $83,737,423,488	Cost of an Adequate Education FY03 896,869,535	Rate of $5.80 per $1,000 Value $485,677,056	Rate of $3.80 per $1,000 Value 318,202,209	Difference (167,474,847)	Adequate Education Grant FY03 5.80 per K 411,192,479	Adequate Education Grant FY03 3.80 per K 578,667,326
HANCOCK	131,166,939	1,282,084	760,768	498,434	(262,334)	521,316	783,650
HANOVER	**979,864,854**	**4,424,317**	**5,683,216**	**3,723,486**	**(1,959,730)**	**(1,258,899)**	**700,831**
HARRISVILLE	88,068,778	675,737	510,799	334,661	(176,138)	164,938	341,076
HART'S LOCATION	**7,539,133**	**29,483**	**43,727**	**28,649**	**(15,078)**	**(14,244)**	**834**
HAVERHILL COMBINED	182,232,973	3,619,568	1,056,951	692,485	(364,466)	2,562,617	2,927,083
HEBRON	**124,531,757**	**228,222**	**722,284**	**473,221**	**(249,064)**	**(494,062)**	**(244,999)**
HENNIKER	213,873,783	3,366,823	1,240,468	812,720	(427,748)	2,126,355	2,554,103
HILL	51,109,641	721,026	296,436	194,217	(102,219)	424,590	526,809
HILLSBORO	245,431,257	5,050,329	1,423,501	932,639	(490,863)	3,626,828	4,117,690
HINSDALE	147,348,676	3,665,804	854,622	559,925	(294,697)	2,811,182	3,105,879
HOLDERNESS	**321,456,457**	**1,467,362**	**1,864,447**	**1,221,535**	**(642,913)**	**(397,085)**	**245,827**
HOLLIS	756,290,642	5,694,435	4,386,486	2,873,904	(1,512,581)	1,307,949	2,820,531
HOOKSETT	776,051,237	7,295,644	4,501,097	2,948,995	(1,552,102)	2,794,547	4,346,649
HOPKINTON	387,909,256	4,014,330	2,249,874	1,474,055	(775,819)	1,764,456	2,540,275
HUDSON	1,554,057,894	16,510,798	9,013,536	5,905,420	(3,108,116)	7,497,262	10,605,378
JACKSON	**187,616,471**	**390,812**	**1,088,176**	**712,943**	**(375,233)**	**(697,364)**	**(322,131)**
JAFFREY	277,676,691	4,048,096	1,610,525	1,055,171	(555,353)	2,437,571	2,992,925
JEFFERSON	64,114,056	861,716	371,862	243,633	(128,228)	489,854	618,083
KEENE	1,060,415,414	14,036,026	6,150,409	4,029,579	(2,120,831)	7,885,617	10,006,447
KENSINGTON	164,899,815	1,357,855	956,419	626,619	(329,800)	401,436	731,236
KINGSTON	412,499,648	4,263,783	2,392,498	1,567,499	(824,999)	1,871,285	2,696,284
LACONIA	1,033,071,697	11,748,009	5,991,816	3,925,672	(2,066,143)	5,756,193	7,822,337
LANCASTER	139,830,979	3,048,868	811,020	531,358	(279,662)	2,237,848	2,517,510
LANDAFF	19,643,233	265,917	113,931	74,644	(39,286)	151,986	191,273
LANGDON	29,408,787	452,670	170,571	111,753	(58,818)	282,099	340,917
LEBANON	1,060,990,387	7,717,590	6,153,744	4,031,763	(2,121,981)	1,563,846	3,685,827
LEE	258,345,513	3,937,004	1,498,404	981,713	(516,691)	2,438,600	2,955,291
LEMPSTER	45,630,410	755,439	265,816	174,156	(91,661)	489,623	581,283
LINCOLN	**370,990,896**	**918,016**	**2,151,747**	**1,409,765**	**(741,982)**	**(1,233,731)**	**(491,749)**
LISBON	58,928,671	1,515,812	341,786	223,929	(117,857)	1,174,026	1,291,883
LITCHFIELD	401,994,230	5,952,926	2,331,567	1,527,578	(803,988)	3,621,359	4,425,348
LITTLETON	292,479,184	4,855,315	1,696,379	1,111,421	(584,958)	3,158,936	3,743,894
LIVERMORE	**51,500**		**299**	**196**	**(103)**	**(299)**	**(196)**
LONDONDERRY	1,582,616,931	22,186,165	9,179,178	6,013,944	(3,165,234)	13,006,987	16,172,221
LOUDON	267,035,802	3,496,032	1,548,808	1,014,736	(534,072)	1,947,224	2,481,296
LYMAN	25,489,717	329,249	147,840	96,861	(50,979)	181,409	232,388

Community	Total equalized Val 4/1/00 w/o utilities $83,737,423,488	Cost of an Adequate Education FY03 896,869,535	Rate of $5.80 per $1,000 Value $485,677,056	Rate of $3.80 per $1,000 Value 318,202,209	Difference (167,474,847)	Adequate Education Grant FY03 5.80 per K 411,192,479	Adequate Education Grant FY03 3.80 per K 578,667,326
LYME	162,064,467	1,160,109	939,974	615,845	(324,129)	220,135	544,264
LYNDEBOROUGH	103,083,291	1,120,398	597,883	391,717	(206,167)	522,515	728,681
MADBURY	93,491,449	1,553,725	542,250	355,268	(186,983)	1,011,475	1,198,457
MADISON	194,981,733	1,637,718	1,130,894	740,931	(389,963)	506,824	896,787
MANCHESTER	5,026,762,277	71,628,305	29,155,221	19,101,697	(10,053,525)	42,473,084	52,526,608
MARLBORO	88,935,401	1,555,669	515,825	337,955	(177,871)	1,039,844	1,217,714
MARLOW	29,823,508	572,463	172,976	113,329	(59,647)	399,487	459,134
MASON	82,028,308	779,489	475,764	311,708	(164,057)	303,725	467,781
MEREDITH	**761,297,946**	**4,165,560**	**4,415,528**	**2,892,932**	**(1,522,596)**	**(249,968)**	**1,272,628**
MERRIMACK	1,745,404,088	20,162,237	10,123,344	6,632,536	(3,490,808)	10,038,893	13,529,701
MIDDLETON	75,821,951	1,268,859	439,767	288,123	(151,644)	829,092	980,736
MILAN	54,499,711	1,115,933	316,098	207,099	(108,999)	799,835	908,834
MILFORD	775,185,107	10,144,860	4,496,074	2,945,703	(1,550,370)	5,648,786	7,199,157
MILLSFIELD	**3,876,514**	**12,818**	**22,484**	**14,731**	**(7,753)**	**(9,666)**	**(1,913)**
MILTON	179,214,383	3,451,197	1,039,443	681,015	(358,429)	2,411,754	2,770,182
MONROE	42,595,590	641,138	247,054	161,863	(85,191)	394,084	479,275
MOUNT VERNON	145,133,087	1,750,569	841,772	551,506	(290,266)	908,797	1,199,063
MOULTONBOROUGH	**1,491,736,758**	**2,949,816**	**8,652,073**	**5,668,600**	**(2,983,474)**	**(5,702,257)**	**(2,718,784)**
NASHUA	5,465,200,531	61,190,403	31,698,163	20,767,762	(10,930,401)	29,492,240	40,422,641
NELSON	53,108,592	558,690	308,030	201,813	(106,217)	250,660	356,877
NEW BOSTON	253,706,129	3,164,454	1,471,496	964,083	(507,412)	1,692,958	2,200,371
NEW CASTLE	**353,690,535**	**413,945**	**2,051,405**	**1,344,024**	**(707,381)**	**(1,637,460)**	**(930,079)**
NEW DURHAM	193,001,536	2,032,499	1,119,409	733,406	(386,003)	913,090	1,299,093
NEW HAMPTON	117,698,961	1,500,932	682,654	447,256	(235,398)	818,278	1,053,676
NEW IPSWICH	186,813,795	3,803,942	1,083,520	709,892	(373,628)	2,720,422	3,094,050
NEW LONDON	**529,238,649**	**1,787,224**	**3,069,584**	**2,011,107**	**(1,058,477)**	**(1,282,360)**	**(223,883)**
NEWBURY	**284,534,847**	**1,308,547**	**1,650,302**	**1,081,232**	**(569,070)**	**(341,755)**	**227,315**
NEWFIELDS	157,998,535	1,123,000	916,392	600,394	(315,997)	206,608	522,606
NEWINGTON	**467,269,846**	**441,398**	**2,710,165**	**1,775,625**	**(934,540)**	**(2,268,767)**	**(1,334,227)**
NEWMARKET	378,919,162	4,852,447	2,197,731	1,439,893	(757,838)	2,654,716	3,412,554
NEWPORT	240,664,702	5,723,504	1,395,855	914,526	(481,329)	4,327,649	4,808,978
NEWTON	246,780,174	3,273,782	1,431,325	937,765	(493,560)	1,842,457	2,336,017
NORTH HAMPTON	**599,024,320**	**2,700,428**	**3,474,341**	**2,276,292**	**(1,198,049)**	**(773,913)**	**424,136**
NORTHFIELD	151,546,544	3,655,334	878,970	575,877	(303,093)	2,776,364	3,079,457
NORTHUMBERLAND	73,901,760	2,313,748	428,630	280,827	(147,804)	1,885,118	2,032,921
NORTHWOOD	232,776,258	3,119,676	1,350,102	884,550	(465,553)	1,769,574	2,235,126

Community	Total equalized Val 4/1/00 w/o utilities $83,737,423,488	Cost of an Adequate Education FY03 896,869,535	Rate of $5.80 per $1,000 Value $485,677,056	Rate of $3.80 per $1,000 Value 318,202,209	Difference (167,474,847)	Adequate Education Grant FY03 5.80 per K 411,192,479	Adequate Education Grant FY03 3.80 per K 578,667,326
NOTTINGHAM	255,273,466	3,103,496	1,480,586	970,039	(510,547)	1,622,910	2,133,457
ODELL	**1,242,814**		**7,208**	**4,723**	**(2,486)**	**(7,208)**	**(4,723)**
ORANGE	16,104,546	225,275	93,406	61,197	(32,209)	131,869	164,078
ORFORD	73,985,115	711,813	429,114	281,143	(147,970)	282,699	430,670
OSSIPEE	309,793,504	3,644,847	1,796,802	1,177,215	(619,587)	1,848,045	2,467,632
PELHAM	768,733,622	7,975,593	4,458,655	2,921,188	(1,537,467)	3,516,938	5,054,405
PEMBROKE	295,516,289	5,078,894	1,713,994	1,122,962	(591,033)	3,364,900	3,955,932
PETERBOROUGH	386,747,233	4,204,897	2,243,134	1,469,639	(773,494)	1,961,763	2,735,258
PIERMONT	43,362,620	506,660	251,503	164,778	(86,725)	255,157	341,882
PINKHAM'S GRANT	**2,567,015**		**14,889**	**9,755**	**(5,134)**	**(14,889)**	**(9,755)**
PITTSBURG	**121,132,643**	**542,292**	**702,569**	**460,304**	**(242,265)**	**(160,277)**	**81,988**
PITTSFIELD	130,766,359	3,780,071	758,445	496,912	(261,533)	3,021,626	3,283,159
PLAINFIELD	129,299,497	1,494,974	749,937	491,338	(258,599)	745,037	1,003,636
PLAISTOW	618,589,853	5,519,773	3,587,821	2,350,641	(1,237,180)	1,931,952	3,169,132
PLYMOUTH	171,551,284	3,610,670	994,997	651,895	(343,103)	2,615,673	2,958,775
PORTSMOUTH	**2,461,170,186**	**10,560,914**	**14,274,787**	**9,352,447**	**(4,922,340)**	**(3,713,873)**	**1,208,467**
RANDOLPH	36,358,711	216,825	210,881	138,163	(72,717)	5,944	78,662
RAYMOND	463,125,284	8,298,614	2,686,127	1,759,876	(926,251)	5,612,487	6,538,738
RICHMOND	49,657,263	869,439	288,012	188,698	(99,315)	581,427	680,741
RINDGE	293,492,634	3,400,233	1,702,257	1,115,272	(586,985)	1,697,976	2,284,961
ROCHESTER	1,199,935,147	21,566,751	6,959,624	4,559,754	(2,399,870)	14,607,127	17,006,997
ROLLINSFORD	147,951,022	1,375,662	858,116	562,214	(295,902)	517,546	813,448
ROXBURY	12,168,301	171,568	70,576	46,240	(24,337)	100,992	125,328
RUMNEY	92,856,539	1,238,508	538,568	352,855	(185,713)	699,940	885,653
RYE	**1,059,236,332**	**2,964,617**	**6,143,571**	**4,025,098**	**(2,118,473)**	**(3,178,954)**	**(1,060,481)**
SALEM	2,476,267,087	17,592,319	14,362,349	9,409,815	(4,952,534)	3,229,970	8,182,504
SALISBURY	70,609,994	807,848	409,538	268,318	(141,220)	398,310	539,530
SANBORNTON	224,599,710	1,786,552	1,302,678	853,479	(449,199)	483,874	933,073
SANDOWN	280,046,065	4,592,976	1,624,267	1,064,175	(560,092)	2,968,709	3,528,801
SANDWICH	**214,781,525**	**863,201**	**1,245,733**	**816,170**	**(429,563)**	**(382,532)**	**47,031**
SARGENT'S PURCHASE	**4,446,139**		**25,788**	**16,895**	**(8,892)**	**(25,788)**	**(16,895)**
SEABROOK	654,397,989	5,181,232	3,795,508	2,486,712	(1,308,796)	1,385,724	2,694,520
SECOND COLLEGE GRANT	**1,021,326**		**5,924**	**3,881**	**(2,043)**	**(5,924)**	**(3,881)**
SHARON	26,384,662	215,148	153,031	100,262	(52,769)	62,117	114,886
SHELBURNE	29,392,489	287,449	170,476	111,691	(58,785)	116,973	175,758
SOMERSWORTH	473,579,965	8,106,847	2,746,764	1,799,604	(947,160)	5,360,083	6,307,243

Community	Total equalized Val 4/1/00 w/o utilities	Cost of an Adequate Education FY03	Rate of $5.80 per $1,000 Value	Rate of $3.80 per $1,000 Value	Difference	Adequate Education Grant FY03 5.80 per K	Adequate Education Grant FY03 3.80 per K
	$83,737,423,488	896,869,535	$485,677,056	318,202,209	(167,474,847)	411,192,479	578,667,326
SOUTH HAMPTON	83,855,380	552,676	486,361	318,650	(167,711)	66,315	234,026
SPRINGFIELD	93,475,283	758,603	542,157	355,206	(186,951)	216,446	403,397
STARK	24,159,979	531,258	140,128	91,808	(48,320)	391,130	439,450
STEWARTSTOWN	35,455,922	793,144	205,644	134,733	(70,912)	587,500	658,411
STODDARD	**125,388,509**	**544,479**	**727,253**	**476,476**	**(250,777)**	**(182,774)**	**68,003**
STRAFFORD	225,173,985	3,256,089	1,306,009	855,661	(450,348)	1,950,080	2,400,428
STRATFORD	25,830,928	871,085	149,819	98,158	(51,662)	721,266	772,927
STRATHAM	643,857,575	4,966,984	3,734,374	2,446,659	(1,287,715)	1,232,610	2,520,325
SUCCESS	**6,457,361**		**37,453**	**24,538**	**(12,915)**	**(37,453)**	**(24,538)**
SUGAR HILL	**78,041,465**	**349,574**	**452,640**	**296,558**	**(156,083)**	**(103,066)**	**53,016**
SULLIVAN	24,608,579	482,048	142,730	93,513	(49,217)	339,318	388,535
SUNAPEE	**468,014,723**	**2,378,778**	**2,714,485**	**1,778,456**	**(936,029)**	**(335,707)**	**600,322**
SURRY	43,212,433	418,606	250,632	164,207	(86,425)	167,974	254,399
SUTTON	117,183,881	1,074,075	679,667	445,299	(234,368)	394,408	628,776
SWANZEY	302,334,593	5,463,414	1,753,541	1,148,871	(604,669)	3,709,873	4,314,543
TAMWORTH	173,002,648	1,916,031	1,003,415	657,410	(346,005)	912,616	1,258,621
TEMPLE	81,355,504	1,014,706	471,862	309,151	(162,711)	542,844	705,555
THOM. & MES. PURCH.	**3,876,410**		**22,483**	**14,730**	**(7,753)**	**(22,483)**	**(14,730)**
THORNTON	140,912,660	1,397,393	817,293	535,468	(281,825)	580,100	861,925
TILTON	253,143,884	2,562,704	1,468,235	961,947	(506,288)	1,094,469	1,600,757
TROY	74,438,993	1,816,143	431,746	282,868	(148,878)	1,384,397	1,533,275
TUFTONBORO	**438,773,184**	**1,417,885**	**2,544,884**	**1,667,338**	**(877,546)**	**(1,126,999)**	**(249,453)**
UNITY	63,183,896	801,245	366,467	240,099	(126,368)	434,778	561,146
WAKEFIELD	395,609,420	3,486,843	2,294,535	1,503,316	(791,219)	1,192,308	1,983,527
WALPOLE	238,224,405	2,643,843	1,381,702	905,253	(476,449)	1,262,141	1,738,590
WARNER	140,820,809	2,004,459	816,761	535,119	(281,642)	1,187,698	1,469,340
WARREN	35,527,729	784,960	206,061	135,005	(71,055)	578,899	649,955
WASHINGTON	92,237,860	665,550	534,980	350,504	(184,476)	130,570	315,046
WATERVILLE VALLEY	**195,129,621**	**165,028**	**1,131,752**	**741,493**	**(390,259)**	**(966,724)**	**(576,465)**
WEARE	378,688,915	7,056,435	2,196,396	1,439,018	(757,378)	4,860,039	5,617,417
WEBSTER	81,462,804	1,106,425	472,484	309,559	(162,926)	633,941	796,866
WENTWORTH	39,600,917	875,186	229,685	150,483	(79,202)	645,501	724,703
WENTWORTH LOCATION	**6,090,212**	**32,715**	**35,323**	**23,143**	**(12,180)**	**(2,608)**	**9,572**
WESTMORELAND	102,077,949	1,145,722	592,052	387,896	(204,156)	553,670	757,826
WHITEFIELD	97,119,705	1,835,803	563,294	369,055	(194,239)	1,272,509	1,466,748
WILMOT	79,818,946	840,435	462,950	303,312	(159,638)	377,485	537,123

Community	Total equalized Val 4/1/00 w/o utilities	Cost of an Adequate Education FY03	Rate of $5.80 per $1,000 Value	Rate of $3.80 per $1,000 Value	Difference	Adequate Education Grant FY03 5.80 per K	Adequate Education Grant FY03 3.80 per K
	$83,737,423,488	896,869,535	$485,677,056	318,202,209	(167,474,847)	411,192,479	578,667,326
WILTON	224,178,564	2,411,602	1,300,236	851,879	(448,357)	1,111,366	1,559,723
WINCHESTER	145,803,430	3,946,807	845,660	554,053	(291,607)	3,101,147	3,392,754
WINDHAM	1,071,402,480	8,570,180	6,214,134	4,071,329	(2,142,805)	2,356,046	4,498,851
WINDSOR	15,989,939	105,342	92,742	60,762	(31,980)	12,600	44,580
WOLFEBORO	**821,678,798**	**4,471,665**	**4,765,737**	**3,122,379**	**(1,643,358)**	**(294,072)**	**1,349,286**
WOODSTOCK	130,114,748	936,603	754,666	494,436	(260,229)	181,937	442,167
TOTAL	83,737,423,520	896,869,535	485,677,056	318,202,209	(167,474,847)	411,192,479	578,667,326
Unincorporated Places							
ATK. & GILMANTON ACAD.							
BEAN'S GRANT							
BEAN'S PURCHASE							
CAMBRIDGE							
CHANDLER'S PURCHASE							
CRAWFORD'S PURCH.							
CUTT'S GRANT							
DIX GRANT							
DIXVILLE							
ERVING'S GRANT							
GREEN'S GRANT							
HADLEY'S PURCH.							
HALE'S LOCATION							
KILKENNY							
LIVERMORE							
LOW & BURBANK GR.							
MARTIN'S LOCATION							
MILLSFIELD							
ODELL							
PINKHAM'S GRANT							
SARGENT'S PURCHASE							
SECOND COLLEGE GR.							
SUCCESS							
THOM. & MES. PURCH.							
WENTWORTH LOCATION							
Total Unincorporated Places							
Total							

#18

"Our local communities are faced with constantly increasing demands for school facilities at a time when our people are already carrying a cross of taxation unequalled in American history. They cry out for relief - and if they demonstrate an obvious desire to try this voluntary method of raising revenue, then I conceive it our duty to try to execute their wishes."

Governor John King, 1963

Upon signing the Sweepstakes bill into law

59%

Support Gambling as an Alternative Revenue Source

- A recent poll conducted by The Becker Institute found that 59% of New Hampshire residents support the expansion of gaming as an alternative funding solution.
- More people have shown support for gambling than any other revenue source that has been offered to date. Income tax, sales tax, property tax, etc.

Senate Bill 198

- SB 198 would establish a two-year pilot program for video lottery machines at the ten state-owned liquor stores.
- This pilot-program would be administered by state agencies resulting in 92% of the net revenues going directly to the state.
- SB 198 combines the efforts and successes of the Liquor and Sweepstakes Commission and the Department of Safety.

Location

- A minimum of 1000 video lottery machines will be distributed to the 10 state owned liquor stores:

Hooksett North
Hooksett South
Portsmouth
Nashua
Concord

Hampton South
Hampton North
Salem
Ashland
Raymond

Locations at the request of the Liquor Commission

Set-up

- Space to house the video lottery machines will be built alongside the existing 10 state-owned stores.
- Each of the 10 additions will include a separate entrance, restrooms and security equipment and will accommodate 100 machines.
- Each facility will be open for 12 hours per day.
- 4 new employees will be hired at each of the 10 locations as well as 6 new Bureau of Enforcement personnel to supervise the operation.
- All video lottery terminals would be linked to a central computer system monitored by the Sweepstakes Commission which would ensure the integrity of the system and provide up to the minute accounting.

Set-up at the request of the Liquor Commission

Gaming Regulations

- No person under the age of 21 will be allowed to play a video lottery machine.
- There would be no consumption of alcohol on the premises.
- The Liquor Commission shall have the right to refuse to allow any individual to play the video lottery machines if they feel it is appropriate.

Net Machine Income

1000 video lottery machines

X

365 days per year

X

$296 per machine per day

$108,040,000 per year

Revenue estimates independently provided by the Sweepstakes Commission

Distribution of Income

$108,040,000

85% Education Trust Fund = $91,834,000

8% Technology Provider = $8,643,200

4% Liquor Commission = $4,321,600

2% Sweepstakes Commission = $2,160,800

1% Department of Safety = $1,080,400

If the funds distributed under this program to the Liquor Commission, Sweepstakes Commission, and the Department of Safety are more than is required to carry out their designated responsibilities, then any remaining balances will be reverted back to the Education Trust Fund.

Scratch Tickets

- Scratch Tickets generated $120 out of the $198 million in revenue for the Sweepstakes Commission last year.
- The legislature has historically raised the face value of scratch tickets with very little if any opposition. Even some of the most conservative anti-gambling members of the House and Senate have voted to raise the face value from $3 to $5 in 1996 and then in 2000 from $5 to $7 and eventually to $10.
- The anti-gambling lobby doesn't object to the sale of scratch tickets.
- Isn't raising the allowable bets and payoffs on scratch tickets expanding gambling?

Video Lottery vs. Scratch Tickets

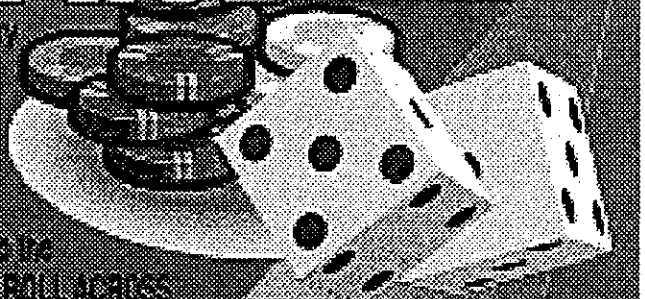
- Conceptually, there is no difference between the scratch tickets that we sell or have sold and what would be offered on a video lottery machine.
- We currently sell games such as Stud Poker, Black Jack, Dice Games, Slot Machine Games, Lucky 7's, Lucky Wheel, and other casino type games.
- Critics say that video lottery is addictive because, "it is played rapidly, repetitively and in isolation." The fact is, so are scratch tickets yet we have not seen all of the so-called social ills that they suggest goes along with it.

Scratch Ticket Examples


$3 New Hampshire Lottery
STUD POKER
WIN UP TO $27,000!
Hand 1
Hand 2
Hand 3
Hand 4
Hand 5
Hand 6
BET
$
$
$
$
$
$
$
WIN UP TO 6 TIMES!
Scratch each hand and bet in the SAME HAND ACROSS, get one of the winning combinations shown in the PRIZE TABLE and win the prize shown for the BET on that hand. Only the highest prize paid per hand. See back for examples of winning combinations.
PRIZE TABLE
BET
ACE WINS
ONE PAIR WINS
TWO PAIR WINS
3 OF A KIND WINS
STRAIGHT WINS
FULL HOUSE WINS
4 OF A KIND WINS
$3 $3 $5 $10 $30 $75 $150 $300
$5 $5 $12 $20 $50 $150 $300 $500
$9 $9 $18 $45 $90 $225 $450 $900
$15 $15 $30 $75 $150 $375 $750 $1,500
$30 $30 $60 $150 $300 $750 $1,500 $3,000
$60 $60 $120 $300 $600 $1,500 $3,000 $6,000
$90 $90 $180 $450 $900 $2,250 $4,500 $9,000
091

$2 HIGH ROLLER

New Hampshire Lottery



WIN UP TO $25,000!

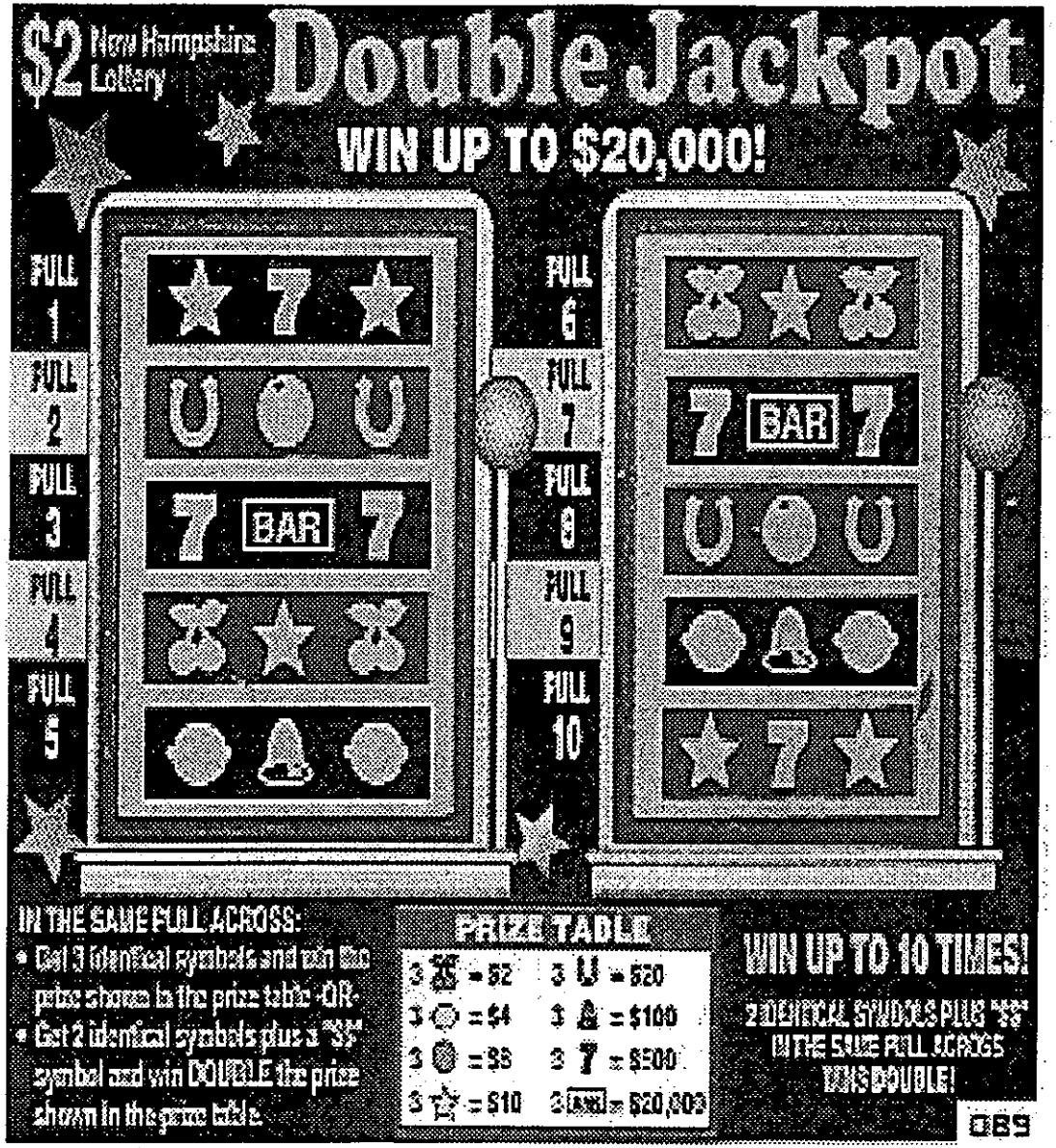
Match any of "YOUR ROLLS" to the "WINNING ROLL" in the SAME ROLL ACROSS and win the prize shown below your matching roll(s). Earned a 7 (7), 7 (7) or 11 (7, 4) and win the prize automatically. Reveal a CHIP ( ) and win ALL 5 PRIZES for that roll!

WIN UP TO 10 TIMES!

WINNING	YOUR ROLLS
ROLL 1	
ROLL 2	


$1
CASH
New Hampshire Lottery
039
WIN UP TO 4 TIMES!
WIN UP TO $1,000!
DRAW CARDS
YOUR CARDS


LOT of LUCK
New Hampshire Lottery
$1
WIN UP TO $3,000!
JACKPOT
Reveal 3 IDENTICAL symbols in the SAME PULL ACROSS and win the PRIZE shown for that pull.
PRIZE
PRIZE
PRIZE
PULL 3 PULL 2 PULL 1
WIN UP TO 3 TIMES!
003


$2 New Hampshire Lottery
Double Jackpot
WIN UP TO $20,000!
FULL 1
FULL 2
FULL 3
FULL 4
FULL 5
FULL 6
FULL 7
FULL 8
FULL 9
FULL 10
7 BAR 7
7 BAR 7
IN THE SAME FULL ACROSS:
• Get 3 identical symbols and win the prize shown in the prize table -OR-
• Get 2 identical symbols plus a "$" symbol and win DOUBLE the prize shown in the prize table.
PRIZE TABLE
3 = $2
3 = $4
3 = $8
3 = $10
3 = $20
3 = $100
3 = $500
3 = $20,000
WIN UP TO 10 TIMES!
2 IDENTICAL SYMBOLS PLUS "$$" IN THE SAME FULL ACROSS WINS DOUBLE!
089


$3
NEW HAMPSHIRE LOTTERY
CASINO ACTION
WIN UP TO $50,000 INSTANTLY!
WIN UP TO 8 TIMES!
GAME 1
GAME 2
Roll 7 or 11
If the 2 numbers within a Roll add up to 7 or 11, win prize shown for that Roll. Win up to 3 times!
YOUR ROLL
PRIZE
LUCKY WHEEL
Match dollar amount on the wheel with Prize spot and win that amount. WIN UP TO 3 TIMES!
PRIZE
GAME 3
HIGH CARD
Aces are High
If any of YOUR CARDS beat the DEALER'S CARD, win prize shown.
Your Card
Dealer's Card
PRIZE
VOID
GAME 4
A=11 K,Q,J=10
Dealer's Card
PRIZE
Your Cards
DOUBLE BLACKJACK
If Your Cards add up to more than Dealer's Total, win prize shown. If Your Cards total is "21", win double the prize shown.


LUCKY 7s
$7
GAME 1
HAND 1
HAND 2
HAND 3
HAND 4
YOUR CARDS
DEALER'S
PRIZE
PRIZE
PRIZE
PRIZE
GAME 2
PULL 1
PULL 2
PULL 3
PULL 4
PRIZE
PRIZE
PRIZE
PRIZE
GAME 3
DRAW CARDS
YOUR CARDS
WIN UP TO
$150,000!
GAME 4
ROLL 1
ROLL 2
ROLL 3
ROLL 4
PRIZE
PRIZE
PRIZE
PRIZE
065

History of the New Hampshire Sweepstakes

- In 1963, New Hampshire became the first state in the nation to implement a sweepstakes program.

- Prominent gambling critics said that it would be the end of New Hampshire as we know it. Much like arguments made today, they predicted increased crime, dramatic social costs, the break-up of families and unreliable revenue streams.

- Upon signing the Sweepstakes into law, Governor King said,

"We were faced with a choice between compulsory taxation through the proven but harsh method of a sales tax, and voluntary taxation through the sweepstakes."

Headlines After Passage

"It will mean moral bankruptcy for New Hampshire."
Readers Digest

"New Hampshire has blundered down a blind alley and may encourage other revenue-starved states to do the same."
Daily News

"The outstanding danger in New Hampshire is posed by the undesirable elements that may attempt to muscle in."
Wauhegan News-Sun

"The sweepstakes, which we expect will be proven at some future time a tragic mistake…"
Union and Rockingham Gazette

Senate Bill 198 is not the first attempt at putting video lottery machines at our state liquor stores.

- In 1983, the Senate passed HB 281 with an amendment which established a two-year pilot program for video lottery at the state liquor stores.

- This measure passed the Senate comfortably by a 15 to 9 margin.

- This bill lost by a slim margin in the House 155-181.

The Union Leader

March 21, 1963

An Editorial

New Hampshire People Want the Sweepstakes Bill

"No one has to buy a sweepstakes ticket or gamble if it is against his principles or if he doesn't want to.

"They (NH residents) are for voluntary taxation as opposed to involuntary taxation."

William "Bill" Loeb
Publisher

#2

Senate Ways and Means
January 18, 2002
2002-2228s
08/04

Amendment to SB 198-FN-A

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

AN ACT establishing a gaming oversight authority, and video lottery gaming.

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

1 New Chapter; Gaming Oversight Authority and Video Lottery. Amend RSA by inserting after chapter 287-F the following new chapter:

CHAPTER 287-G

GAMING OVERSIGHT AUTHORITY AND VIDEO LOTTERY

287-G:1 Definitions. In this chapter:

I. "Centralized data provider" means a provider of centralized gambling data, selected by the gaming oversight authority.

II "Facilities applicant" means the entity, which will participate and apply for a facilities license, as applicable.

III. "Facilities licensee" means an applicant who is issued a license by the gaming oversight authority to provide facilities and support to state operated video lottery locations.

IV. "Facilities license" means the license issued by the gaming oversight authority to a facilities licensee.

V. "Gaming oversight authority" means the authority established by RSA 287-G:2.

VI. "Sweepstakes commission" means the New Hampshire sweepstakes commission as established by RSA 284:21-a.

VII. "Technology provider" means any person or entity which designs, manufactures, installs, distributes, or supplies video lottery machines for lease to the state for conducting video lottery games in accordance with this chapter.

VIII. "Token" means the coin, which is not legal tender, sold by a cashier in a face amount equal to the cash paid by a player for the sole purpose of playing a video lottery machine at a licensed facility, which can be exchanged for cash at the same facility where the video lottery machines are located.

IX. "Video lottery machines" means an electronic, mechanical, or computerized machine licensed by the gaming oversight authority which, upon the insertion of cash or tokens is available to

be played where, by chance or skill, or both, the player may receive cash or tokens. Video lottery machines include, but are not limited to, slot machines, video poker machines, and other lottery machines. Video lottery machines shall not include any redemption slot machines and redemption poker machines as defined in RSA 647 or video poker machines or other similar machines used for amusement purposes only.

X. "Video lottery employee" means a person employed by the state in the operation of a video lottery location, including without limitation, cashiers; floormen; machine mechanics; security personnel or inspectors; and supervisors or managers.

XI. "Video lottery location" means a state operated facility authorized by the local community that contains video lottery machines operated in accordance with this chapter.

287-G:2 Gaming Oversight Authority.

I. There is hereby established the New Hampshire gaming oversight authority. The gaming oversight authority shall consist of the commissioner of safety, the commissioner of the department of resources and economic development, and the commissioner of revenue administration, or their respective designees. The commissioner of safety shall serve as the chairperson of the gaming oversight authority.

II. The gaming oversight authority or designee shall exclusively establish, staff, manage, and operate video lottery locations at facilities licensed under the provisions of this chapter. The gaming oversight authority or designee shall operate the video lottery locations at a facility provided by the facilities licensee which contains non-gaming resources such as, dining, liquor, hotel, and any other support resource approved by the gaming oversight authority. The facilities licensee shall, at a minimum, provide and pay for heat, electricity, water, sewer, and maintenance for which the facilities licensee shall receive remuneration pursuant to RSA 287-G:14, III.

III. No license shall be issued to any person under this chapter without the approval of the gaming oversight authority. The gaming oversight authority shall issue licenses only after completion of the investigations set forth in this chapter. All license applications shall be approved or denied no later than 180 days from the date of application. No license issued under the provisions of this chapter shall be assigned, transferred or sold.

IV. The gaming oversight authority shall have general responsibility for the implementation of this chapter and shall adopt rules under RSA 541-A relative to:

(a) Hearing and deciding all license applications or recommendations for the suspension or revocation of any license.

(b) Conducting all investigations required with regard to the application, suspension, or revocation of any licensee or applicant.

(c) Conducting hearings pertaining to administrative violations or rules and collecting all penalties assessed under the provisions of this chapter.

(d) Establishing standards and a reasonable fee structure for the licensing and renewal

of licenses for facilities.

(e) Establishing standards and a reasonable fee structure for the licensing and renewal of licenses for technology providers.

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

(g) Establishing criteria for licensing, suspension, and revocation.

(h) Such other rules that may be necessary to implement this chapter.

V. The gaming oversight authority shall have the authority to issue subpoenas and compel the attendance of witnesses, to administer oaths, and require testimony of witnesses under oath.

VI. Pending the adoption of rules under RSA 541-A, and notwithstanding RSA 541-A:2, the gaming oversight authority shall adopt interim rules including provisions for the publication of public notice of the period of time for the submission of facilities license applications and after public hearing and within 60 days of the effective date of this chapter. Such interim rules shall automatically expire upon the adoption of rules under RSA 541-A.

VII. No later than March 31 in each calendar year, the gaming oversight authority shall provide a report to the fiscal committee of the general court, regarding the operation of video lottery machines. Such report shall include any recommendations for legislation and any community concerns.

VIII. (a) The gaming oversight authority shall make and keep records of all proceedings of its public meetings. A copy of the transcript shall be made available to any person upon request and payment of the costs of preparing a copy.

(b) The gaming oversight authority shall keep and maintain a list of all license applicants and a record of all actions taken with respect to each applicant. A file and record of the actions by the gaming oversight authority shall be open to public inspection provided, however, that the information regarding any applicant whose license or registration has been denied, revoked, or not renewed shall be removed from such list after 5 years from the date of such action.

(c) The gaming oversight authority shall maintain such other files and records as it deems necessary. All records maintained by the gaming oversight authority may be maintained in digital format or other technology, provided that such information is capable of being produced in written form.

(d) All information and data obtained by the gaming oversight authority shall be confidential and shall not be revealed in whole or in part except as otherwise provided by law, or upon the lawful order of a court of competent jurisdiction, or with the approval of the attorney general, to a duly authorized law enforcement agency.

(e) Notice of the contents of any information or data released, except to a duly authorized law enforcement agency pursuant to subparagraph (d), shall be given to any applicant, registrant, or

licensee in a manner prescribed by the rules adopted by the gaming oversight authority.

IX. The gaming oversight authority may contract for and procure financial, economic, or security consultants and any other technical and professional services as the authority deem necessary.

287-G:3 Restrictions. No member or employee of the gaming oversight authority, the sweepstakes commission, the department of revenue administration, the department of resources and economic development, or the department of safety shall have a fiduciary interest in any technology provider, facilities licensee, or centralized data provider.

287-G:4 Licensure of Technology Provider and Centralized Data Provider. No technology provider or centralized data provider shall engage in the business of providing, installing, or repairing video lottery machines used in this program without a license issued by the gaming oversight authority.

287-G:5 Restriction on Technology and Centralized Data Provider. No technology provider or centralized data provider or their employees shall be entitled to operate video lottery machines within the state.

287-G:6 Restriction of Minors.

I. No person under the age of 21 shall play a video lottery machine authorized by this chapter.

II. No member or employee of any video lottery location, the sweepstakes commission, department of safety, the attorney general's office, or the gaming oversight authority shall knowingly permit a person under the age of 21 to play or participate in any aspect of the playing of a video lottery machine.

III. Each violation of this section shall be punishable by a fine of no more than $1,000 and shall be payable by such person who violates paragraph I.

IV. Each violation of this section shall be punishable by a fine of no more than $1,000 and shall be payable by the employee or operator licensee that is found to have violated paragraph II.

287-G:7 Penalty for Tampering or Manipulating. Any person who, with the intent to manipulate the outcome, payoff, or operation of a video lottery machine, manipulates the outcome, payoff, or operation of any video lottery machine by physical, electronic, or mechanical means, shall be guilty of a class B felony.

287-G:8 Video Lottery Machine Requirements.

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

II. All video lottery machines in operation shall pay out at least 87 percent on an annual basis.

III. The gaming oversight authority shall establish the days and hours of operation of video

lottery locations and shall not be restricted by the facilities licensee.

287-G:9 Licenses; Number of Video Lottery Machines.

I. In the initial 12 months from the effective date of this chapter, the number of video lottery machines statewide shall be limited to 3,500 to be distributed at the discretion and judgment of the gaming oversight authority, but in no case shall a single location have more than 800 machines or fewer than 300 machines.

II. Beginning 12 months after the effective date of this chapter, the gaming oversight authority may increase or decrease the number of video lottery machines present at a facilities licensee location, although the total number of machines statewide may not exceed 5,500 and no video lottery location shall possess more than 25 percent of the total number of statewide machines. The determination shall be made after careful and due consideration of the economic conditions, including but not limited to, the performance of a particular facilities licensee location that is operating video lottery machines, the present market conditions, and seasonal increases in tourism.

III. The gaming oversight authority shall issue not more than a total of 8 facilities licenses in the state of New Hampshire. Eligibility shall be based on, but not limited to the following:

(a) Evidence provided by the applicant that the applicant has received any required local approval.

(b) Regional location of prospective facilities licensee.

(c) A detailed economic plan, filed with the gaming oversight authority, for the municipality and the surrounding region where the prospective facilities licensee is located with supporting documentation to explain the following:

(1) Unemployment in the area.

(2) Direct and indirect employment gain.

(3) Effect on tourism based economy.

(4) Effect on regional economic development.

(5) Tourist trends.

(d) A business plan, filed with the gaming oversight authority, to support video lottery machines.

(e) Qualifications of those persons who own or manage the prospective facilities licensee facility.

(f) Regional population.

(g) Vehicle traffic.

(h) Total square footage of the facility and total acreage of such facility.

(i) Availability of suitable infrastructure.

(j) Availability of adequate parking.

(k) Other information that the gaming oversight authority may require.

287-G:10 Application and License Requirements.

I. A facilities licensee applicant shall obtain a facilities license from the gaming oversight authority. An applicant shall complete and sign an application on the forms prescribed by the gaming oversight authority. The application shall include the full name, residence, date of birth, and other personal identifying information of the applicant, and if a corporation or other form of business enterprise, the same information shall be provided with respect to each partner, trustee, officer, director, and any shareholder or other holder who owns more than 5 percent of the legal or beneficial interests of such entity. All such business entities shall be registered with the secretary of state.

II. The gaming oversight authority shall refer applications to the attorney general who shall conduct an investigation. The investigation may be conducted through any appropriate state or federal law enforcement system and may seek information as to the applicant's financial, criminal or business background, or any other information which the attorney general, in his or her sole discretion, may deem relevant to the subject's fitness to be associated with the ownership or management of the operation of a facilities licensee in New Hampshire, including but not limited to, the subject's character, personal associations, and the extent to which the subject is properly doing business in the manner in which it purports to operate. The attorney general shall report the results of the investigation to the gaming oversight authority within 90 days after the receipt of the application. Notwithstanding any other law to the contrary, the results of any such investigation shall be confidential and shall not be subject to disclosure or to public inspection.

III. In any investigation conducted pursuant to paragraph II, the attorney general or any duly authorized member of the attorney general's staff may subpoena the attendance of witnesses and require the production of such correspondence, documents, books and papers as deemed advisable, and for purposes of this section, may administer oaths and take the testimony of witnesses.

287-G:11 Licensure Requirements.

I. No facilities license shall be issued by the gaming oversight authority unless the applicant has proven to the satisfaction of the gaming oversight authority by clear and convincing evidence:

(a) The financial stability based on audited financial statements, integrity, and responsibility, considering, without limitation, bank references, business and personal income and disbursement schedules, tax returns and other reports filed with governmental agencies, and business and personal accounting and check records and ledgers.

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

(c) The good character, honesty and integrity, considering, without limitation, information pertaining to reputation, criminal record, business activities, and financial affairs covering at least the 10 year period immediately preceding the filing of the application.

(d) In addition, no facilities license shall be issued by the gaming oversight authority to any applicant unless the applicant has proven to the satisfaction of the gaming oversight authority by clear and convincing evidence that each director, officer or similar principal employee and each direct or indirect owner satisfies the standards for licensure contained in RSA 287-G:10.

(e) The gaming oversight authority may, in its discretion, waive the qualification requirement for any such person who is not significantly involved in the activities of the applicant, does not have the ability to significantly influence or control the applicant, or for other good cause, only when written justification is provided.

(f) Except as provided in this chapter, no person who owns, directly or indirectly, legally or beneficially, 5 percent or less of the equity securities or 50 percent or less of the outstanding debt securities of a publicly traded holding company of an applicant for a facilities license shall be required to be qualified pursuant to the provisions of this section prior to the issuance of such a license to the applicant.

(g) If a facilities licensee has 25 or fewer holders of its equity securities, either directly or indirectly, legally or beneficially, then each such holder shall satisfy the standards of this chapter.

II. No technology provider's license shall be issued by the gaming oversight authority after recommendation by the sweepstakes commission unless the applicant has demonstrated to the satisfaction of the gaming oversight authority by clear and convincing evidence that it satisfies the standards contained in paragraph I of this section. The sweepstakes commission shall establish the form of application that shall be completed by each applicant for a technology provider's license. Each technology provider license applicant shall be subject to the investigation set forth in RSA 287-G:10 except that all investigatory reports shall be provided to the sweepstakes commission and the gaming oversight authority.

III. All information and data required by the gaming oversight authority, the sweepstakes commission, or the division of gaming enforcement to be furnished pursuant to this chapter, or which may otherwise be obtained by the gaming oversight authority, the sweepstakes commission, or the division of gaming enforcement in the performance of their duties under this chapter, except information regarding net machine income, shall be considered to be confidential and shall not be revealed in whole or in part except as otherwise provided by law, or upon the lawful order of a court of competent jurisdiction, or with the approval of attorney general, to a duly authorized law enforcement agency.

287-G:12 License and Investigation Fees. A non-refundable license application fee for each class or type of license to be issued under this chapter shall be $150,000.

287-G:13 Term of License. Any facilities license or technology provider's license issued pursuant to this chapter and any renewal thereof shall be valid for 5 years unless earlier suspended or revoked by the gaming oversight authority.

287-G:14 Distribution of Net Machine Income. Net machine income generated by a facilities

licensee shall be distributed and paid as follows:

I. Sixty percent of the annual net revenue shall be deposited in the property tax reduction fund established under RSA 76:3-a.

II. Fifteen percent of the net machine income shall be paid to the department of safety to be used to pay for the establishment and administration of the division of gaming enforcement.

III. Eight percent of the net machine income shall be paid to the facilities licensee as a gross lease.

IV. Six percent of the net machine income shall be paid to the technology provider for the leasing and maintenance of the video lottery machines.

V. Five percent of the net machine income shall go to the school construction and rehabilitation fund established in RSA 287-G:20.

VI. Two and one half percent of the net machine income shall be evenly distributed to the ten counties to help reduce the county tax.

VII. Two percent of the net machine income shall be paid to the centralized data provider to carry out the responsibilities outlined in this chapter.

VIII. One percent of the net machine income shall be paid to the city or town where the facilities licensee facility is located. Revenues will be distributed based on the number of video lottery machines in that location.

IX. One half of one percent of the net machine income shall be deposited in the gambling addiction prevention fund established in RSA 287-G:21.

X. Any unused portion of moneys disbursed pursuant to paragraphs II-IX shall be deposited in the general fund.

287-G:15 Gaming Oversight.

I. The gaming oversight authority or the division of gaming enforcement shall be present at all facilities licensee location at which video lottery machines are operated by the state at all times whether the facility is open to the public or not.

II. The division of gaming enforcement shall be present at all times when a video lottery machine is opened to remove or insert any drop box, hopper, or other mechanism containing money, tokens, or other items of value. The division of gaming enforcement shall be present in the count room at all times that money, tokens or other items of value utilized in video lottery machines are counted.

287-G:16 Penalties.

I. The gaming oversight authority shall have the sole and exclusive authority, following appropriate hearings and factual determinations, to impose penalties against any person for any violation of this chapter or any rule of the gaming oversight authority or the sweepstakes commission, adopted under the provisions of this chapter.

II. The gaming oversight authority shall have the authority to impose penalties upon any

person for any violation of this chapter or the rules of the gaming oversight authority as follows:

(a) Revocation or suspension of a license.

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

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

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

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

(f) Impose any sanctions provided in this paragraph individually or in combination.

III. In determining appropriate sanctions in a particular case, the gaming oversight authority shall consider:

(a) The risk to the public and to the integrity of the video lottery machine operations.

(b) The seriousness of the conduct of the person and whether the conduct was purposeful or with knowledge that it was in contravention of the provisions of this chapter or the rules of the gaming oversight authority.

(c) Any mitigating circumstances for such conduct.

(d) The prior history of the person involved.

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

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

(g) Notwithstanding the foregoing, in the event that a person receives 2 administrative penalties each in the amount of $50,000 during the term of such person's license, the gaming oversight authority shall either revoke the license for the balance of the term of the license or suspend such license for a period of 60 days, as determined by the gaming oversight authority.

287-G:17 Procedures for Adoption by Local Community.

I. Any town or city in which a facilities licensee location is situated may adopt the provisions of RSA 287-G, to allow the operation of electronic games of chance, in the following manner:

(a) In a town, the question shall be placed on the warrant of a special or annual town meeting under the procedures set out in RSA 39:3, and shall be voted on a ballot; provided, however, if the question is placed on the warrant at a special town meeting, it shall be the only question at such special town meeting. 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 5 percent 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 adopt the provisions of RSA 287-G, allowing the operation of electronic games of chance at the licensed facility located within the town and operated by the state?"

II. If a majority of those voting on the question vote "Yes," RSA 287-G shall apply within the city or town.

III. If the question is not approved, the question may later be voted upon according to the provisions of paragraph I, provided, however, that the town may consider the question at no more than one special town meeting and the annual town meeting in the same calendar year.

IV. Alternatively, the selectmen or city council may themselves adopt the provisions of RSA 287-G with a 60 percent majority vote.

287-G:18 Declaration of Limited Exemption. Pursuant to section 2 of an act of Congress of the United States entitled "An act to prohibit transportation of gambling devices in interstate and foreign commerce," approved January 2, 1951, being Chapter 1194, 64 Stat. 1134, and also designated as 15 U.S.C. sections 1171-1177, the state of New Hampshire, acting by and through the duly elected and qualified members of its legislature, does hereby, in accordance with and in compliance with the provisions of that section 2 of that act of Congress, declare and proclaim that section 2 of that act of Congress shall not apply to any gambling device in this state where the transportation of such a device is specifically authorized by and done in compliance with the provisions of this chapter and any rules adopted pursuant to it, and that any such gambling device transported in compliance with state law and rules shall be exempt from the provisions of that act of Congress.

287-G:19 Legal Shipment of Gaming Devices into New Hampshire. All shipments into this state of gaming devices, the registering, recording and labeling of which has been duly made by the manufacturer or dealer in accordance with sections 3 and 4 of an act of Congress of the United States entitled "An act to prohibit transportation of gambling devices in interstate and foreign commerce," approved January 2, 1951, being chapter 1194, 64 Stat. 1134, and also designated as 15 U.S.C. sections 1171-1172, shall be deemed legal shipments into this state.

287-G:20 School Construction and Rehabilitation Fund Established.

I. There is established a school construction and rehabilitation fund in the state treasury. The fund shall only be used for school construction and rehabilitation projects and expenses relating to such projects. The commissioner of the department of education shall adopt rules pursuant to RSA 541-A, relative to disbursement of funds.

II. All fees collected under RSA 287-G:14, V shall be credited to the fund established in

paragraph I.

287-G:21 Gambling Addiction Prevention Fund.

I. A gambling addiction prevention fund shall be established in the state treasury. The fund shall only be used for gambling addiction prevention projects and expenses relating to the projects and shall be administered by the department of health and human services. The commissioner of the department of health and human services shall adopt rules relative to the use of funds.

II. All fees collected under RSA 287-G:14, IX shall be credited to the fund established in paragraph I.

287-G:22 Property Tax Reduction Fund. There is hereby established in the office of the state treasurer the property tax reduction fund, which shall be kept separate and distinct from all other funds. Revenue collected under RSA 287-G:14, I shall be deposited in this revolving, non-lapsing fund for the sole purpose of providing reduction of property taxes.

I. The commissioner of revenue administration shall include available moneys in the fund not to exceed $166,000,000 in the education property tax calculation required under RSA 76:8, and the same amount shall be transferred to the education trust fund in lieu of property taxes that would otherwise be collected under RSA 76:3.

II. Any remaining moneys in the fund that exceed the amount referenced in paragraph one shall be deposited in the general fund.

2 Commissioner's Warrant. Amend RSA 76:8, I to read as follows:

I. The commissioner of revenue administration shall annually calculate the proportion of education property tax to be raised by each municipality by multiplying the uniform education property tax rate by the total equalized value of all property in the municipality as determined under RSA 21-J:3, XIII for the preceding year, except property taxable under RSA 82 or RSA 83-F. ***The property tax to be raised by each community shall be proportionately reduced by the application of moneys in the education property tax reduction fund pursuant to RSA 287-G:22, I.***

3 New Paragraphs; Application of Receipts. Amend RSA 6:12, I by inserting after paragraph (iiii) the following new paragraphs:

(jjjj) Moneys deposited in the school construction and rehabilitation fund established in RSA 287-G:20.

(kkkk) Moneys deposited in the gambling addiction prevention fund established in RSA 287-G:21.

(llll) Moneys deposited in the property tax reduction fund established in RSA 287-G:22.

4 New Section; Sweepstakes Commission Supervision of Gaming Oversight Authority. Amend RSA 284 by inserting after section 21-j the following new section:

284:21-k Duties of the Sweepstakes Commission; Gaming Oversight Authority. The sweepstakes commission shall:

I. Hear and make recommendations to the gaming oversight authority all license applications for technology providers and centralized data providers.

II. Collect all license fees imposed upon any applicant and all taxes imposed by this chapter.

III. Certify net machine income by inspecting records, conducting audits, having its agents on site, or by other reasonable means.

IV. Establish a central computer system at a location designated by the gaming oversight authority linking all video lottery machines to a central mainframe to ensure control over the video lottery machines.

V. Enter into lease agreements with up to 3 technology providers to provide video lottery machines to the state. Lease agreements shall provide that the technology provider supply the quantity and quality of video lottery machines determined by the sweepstakes commission and the gaming oversight authority in a timely and efficient manner, and shall be paid with a percentage of the net machine income, as provided in RSA 287-G:14, IV. The technology provider shall provide all maintenance and service of its video lottery machines at no additional charge or fee to the state. Each agreement shall also provide that the technology provider shall be required to replace 30 percent of its video lottery machines on a yearly basis, based on the machine's revenue production.

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

VII. The sweepstakes commission shall have the authority to issue subpoenas and compel the attendance of witnesses, to administer oaths and to require testimony under oath.

VIII. Not later than March 31 in each calendar year of this program, provide a report to the gaming oversight authority and legislative fiscal committee regarding the generation of revenues of video lottery machines.

IX. The sweepstakes commission shall cause to be made and keep a record of all proceedings held at public meetings of the sweepstakes commission. A copy of the transcript shall be made available to any person upon request and payment of the costs of preparing the copy.

X. The sweepstakes commission shall keep and maintain a list of all technology provider applicants and licensed technology providers together with a record of all actions taken with respect to such applicants. A file and record of the actions by the sweepstakes commission shall be open to public inspection provided, however, that the information regarding any applicant whose license or registration has been denied, revoked, or not renewed shall be removed from such list after 5 years from the date of such action.

XI. Maintain such files and records as the sweepstakes commission and gaming oversight authority deem necessary.

XII. All information and data obtained by the sweepstakes commission under this section shall be confidential and shall not be revealed in whole or in part except as otherwise provided by

law, or upon the lawful order of a court of competent jurisdiction, or, with the approval of the attorney general, to a duly authorized law enforcement agency.

XIII. Notice of the contents of any information or data released, except to a duly authorized law enforcement agency, shall be given to any applicant, registrant, or licensee in a manner prescribed by the rules adopted by the sweepstakes commission.

XIV. Establish in conjunction with the gaming oversight authority by rules adopted under RSA 541-A, the value of prizes, which may be awarded, and the cost of play for each video lottery game played on a video lottery machine.

XV. Pending the adoption of rules under RSA 541-A, and notwithstanding RSA 541-A:18, the sweepstakes commission shall adopt interim rules after public hearing. Such interim rules shall automatically expire in accordance with RSA 541-A:19.

5 New Paragraph; Attorney General; Temporary or Contract Investigators. Amend RSA 21-M:3 by inserting after paragraph VII the following new paragraph:

VIII. The attorney general may hire temporary investigators or contract for investigatory services to facilitate background investigations required under RSA 287-G, and said investigators may be paid from licensing fees paid under RSA 287-G:12.

6 New Section; Division of Gaming Enforcement. Amend RSA 21-P by inserting after section 8 the following new section:

21-P:8-a Division of Gaming Enforcement.

I. There is hereby established a division of gaming enforcement under the supervision of an unclassified director of gaming enforcement whom shall be responsible for the following functions, in accordance with applicable laws:

(a) Manage, and hire employees for the day-to-day operation of all video lottery locations ensuring the integrity of the program. Gaming enforcement employees shall be assigned to all locations and will be present at all times whether the location is open or closed.

(b) Investigate violations of RSA 284 or RSA 287-G and the rules adopted under the provisions of RSA 284 or RSA 287-G and initiate proceedings before the gaming oversight authority for such violations.

(c) Report the results of any investigation conducted to the sweepstakes commission and the gaming oversight authority.

(d) Participate in any hearing conducted by the sweepstakes commission or gaming oversight authority.

II. The commissioner of safety shall organize the division into such units as the commissioner deems necessary.

7 Compensation of Certain State Officers; Director of Gaming Enforcement. Amend RSA 94:1-a, I by:

Inserting in Grade GG:

Department of safety	director of gaming enforcement

8 New Subparagraph; Liquor Sales. Amend RSA 178:20, V by inserting after subparagraph (u) the following new subparagraph:

(v) Facilities License. The commissioner may issue a special license to any person holding a facilities license with respect to a facilities licensee location under the provisions of RSA 287-G. Such special license shall allow the sale of liquor, wine, and beverages in a dining room, function room, gaming room, lounge, or any other area designated by the commissioner, without regard to whether meals are served within, but only during the time video lottery gaming is being conducted under RSA 287-G and pursuant to applicable state law.

9 New Subparagraph; Authorized Video Lottery Games of Chance Machines Not Prohibited. Amend RSA 647:2, V by inserting after subparagraph (c) the following new subparagraph:

(d) Video lottery machines authorized pursuant to RSA 287-G.

10 Contingent Repeal. If a constitutional amendment to the New Hampshire constitution is adopted by the voters at any time subsequent to the effective date of this act providing that the state is not the guarantor of adequate education funding, then sections 1-9 of this act shall be repealed.

11 Effective Date. This act shall take effect July 1, 2002.

2002-2228s

AMENDED ANALYSIS

This bill provides for video gambling to be regulated, establishes the division of gaming enforcement, and establishes the gaming oversight authority. This bill determines the disbursement of all proceeds of video gambling with 60 percent of the proceeds being used to reduce the state property tax and provides money for the general fund, and establishes new funds for school construction and rehabilitation, and for gambling addiction and prevention.

ATTACHMENT #3

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January 18, 2001

Hon. Lou D'Allessandro
Chairman, and Members
Ways and Means Committee
New Hampshire Senate
State House
Concord, New Hampshire 03301

Re: Amendment to SB 198 FN-A and all
Gambling Related Legislation

Dear Chairman D'Allessandro and Members of the Committee,

This office represents the Roman Catholic Bishop of Manchester (Diocese). In that connection, I am writing to express the opposition of Bishop John B. McCormack and the Diocese to the passage of the proposed amendment to SB 198 FN-A and any of the gambling bills presently before the legislature as a major component of revenue raising in the State of New Hampshire.

The Diocese has the same concerns about the current bills as it has about those introduced in the last several legislative sessions. While the Roman Catholic Church views gambling as morally neutral and as a legitimate recreational activity when done prudentially and in moderation, there are also dangers associated with gambling which warrant vigilance and concern. Gambling assumes a moral charge when it moves beyond an affordable, recreational activity to become an activity intended to support families, church or social or governmental programs. When gambling escalates to the point where proceeds from gambling become an important or material part of state budgets, it results in a situation of undesirable dependency with the inevitable marketing and encouragement which preys on the weakest members of the citizenry. The Diocese of Manchester therefore considers gambling as a regular source of state income to be inappropriate.

The bill referenced in this letter which is scheduled to come before your committee today, is touted by its sponsors as a solution, in whole or in part, to the financial problems faced by the state in balancing its budget and funding education. As stated, the Diocese of Manchester opposes gambling as a means

to fund these needed services. The scheme presented would institutionalize gambling in our state at an unprecedented level. In choosing to accept legalized gambling at this new level, the state would also have to be willing to accept the changes gambling and games of chance will have on our society. This we do not believe the people of New Hampshire are or should be willing to accept. In addition to encouraging addictive behavior and its attendant social costs, gambling tends to prey on the poor in search of an instant remedy and to attract criminal elements which thrive on legalized gambling. The proposed economic benefits from gambling will not create new wealth but will simply shift money which individuals, families and the state could spend for other purposes.

Because of the dangers and abuses associated with gambling and the fundamental opposition of the Diocese to it as a basic matter, it is not necessary for us to comment on the details of the bill which has its own problems which I am sure will be pointed out to the committee by others.

In sum, Bishop McCormack and the Diocese urge the committee to reject gambling as a means to fund public needs and to report the bill being heard today and all other gambling measures, "Inexpedient to Legislate."

Sincerely,

Bradford E. Cook /mf

Bradford E. Cook
Legislative Representative

SENATE FINANCE COMMITTEE
State House, Room 103
Concord, New Hampshire
Tuesday, February 19, 2002

SENATE BILL 198-FN-A, AN ACT establishing a gaming oversight authority, and video lottery gaming.

Testimony of:

Sen. Theodore Gatsas 2, 69
Sen. Clifton Below 13
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Mr. Wayne Presby 16
Mr. Timothy Russell 20
Mr. Tom Boucher 26
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Rev. David LaMarre-Vincent 62
Rep. Steve Vaillancourt 64

CHAIRMAN BARNES: Good morning, everyone. Being the hour of 10:00, I'm going to open the hearing on Senate Bill 198. Would you please close the door, and if anyone wishes to have conversation, please step outside. I appreciate you folks all being here. Those of you who wish to speak, there are blue cards at the front table. Please sign them and pass them up to the front. If we don't have the card, we're not going to be able to recognize you.

I want to make a statement before we get started that this piece of legislation you're looking at and we're having a hearing on today is an amendment to Senate Bill 198. This amendment is an entirely different take on what the original bill was. So, you might want to get yourselves copies, which are up next to Sen. Gatsas if you'd like to get a copy of the amendment. The reason the Senate, last Thursday, chose to send this amendment to a public hearing is because it's such an important issue and there are so many people that have interest on both sides of this. And the Senate thought that the public should certainly have a chance for input on this amendment of Sen. Gatsas'.

So, that's why you're having a public hearing on an amendment. That usually doesn't happen, but in this case, it has, and it's taking place right now. And I'm going to call upon Sen. Gatsas to introduce his amendment, and answer any questions later on. Thank you. Sen. Gatsas.

THEODORE GATSAS, Senator, District 16: Thank you, Mr. Chairman. Good morning, fellow committee members. I appreciate the opportunity to come before you this morning to speak about Senate Bill 198 as amended and to offer an additional amendment. For the record, my name is Ted Gatsas, and I am the State Senator for District 16.

I want to personally thank my colleagues for extending me the courtesy of this public hearing. I hope that the gambling opponents realize that the vote cast last week to send Senate Bill 198 to the Finance Committee was not a vote in favor of gambling. Rather, it was a vote in favor of a public hearing on this important issue.

After spending a great deal of time reviewing a critique of the Senate Bill 198 by Attorney General, I've come to develop the following amendment, which you all have before you. After incorporating the Attorney General's critique, I believe that we now have the best piece of gambling legislation that has come before the State Legislature.

I offer this voluntary source of revenue as an alternative to a new broad based tax. Before I explain this amendment, I would like to briefly explain why I believe the State of New Hampshire is in desperate need of a new revenue source.

Based on legislative action taken last year, we will need to raise an additional $192 million for fiscal year 2004 to 2005. The figures are as follows:

The phase out of legacy and succession tax will cost approximately $40 million a year, which equals 80 million over the biennium.

The six quarter effect of the business enterprise tax equals 20 million.

The school funding increase which I use is 4 percent, but in legislation we passed is roughly about 5.1 percent, and using the 4 percent is about 36 million a year, or 72 million over the biennium.

The revenue sharing program will be 5 million in '03 and 10 million in '04, which is another 15 million.

And finally, the amnesty program, which will be 5 million, which brings us to a grand total of $192 million.

Early in December, I wrote to the Legislative Budget Director in order to clarify my figures. I've provided a copy to you all in the packet that I've passed out. For the record, Mike Buckley came before Senate Ways and Means Committee last month and confirmed these figures. In fact, he said that they may be understated. The $192 million figures does not include one penny for payroll increases, increases in employee benefits or an additional dollar spent for any state program. It does not include the 30-plus million that is now owed the cities and towns of New Hampshire that was discovered a week ago.

For one, I want to address this problem now, rather than wait until the final hour of the final day in which we adopt a budget. If we follow the same course that we did last year, then you can bet that we will end up with an increase in business taxes, telecommunication taxes and other small taxes without any time for debate, or even a repeal of a repeal of the legacy and succession tax. That is why I think that it's important for us to

take a long hard look at available revenue sources in an off-budget year.

Next, I'd like to take you through the bullet points of the amendment, because I think it's important to understand that the bill before you, as amended, had an awful lot of people look at it. It was not, in any way, hidden from anybody. The Attorney General participated. If he were to critique this bill a little sooner, we could have made more of his changes quicker.

Senate Bill 198. The amended version of Senate Bill 198 establishes a Gaming Oversight Authority comprised of the Commissioner of Safety, Commissioner of Revenue Administration and the Commissioner of Department of Resources and Economic Development. Commissioner of Safety will serve as the chair.

Before an applicant can apply for a facility's license for the state to operate video lottery machines, they must have the approval of the local community. The community may approve this operation at a town meeting or by voting on an official ballot during a municipal election. The Gaming Oversight Authority will issue eight facility's licenses. After reviewing proposals and conducting intensive background checks in order to apply a perspective facility, the perspective facility must pay $150,000 nonrefundable application and investigation fee.

The Gaming Oversight Authority will grant a facility's license based on the following criteria. I think you all have a list of that, and I will let you look through it. The application will include the full name, residence, date of birth, other personal identifying information of the applicant, and if a corporation or other form of business enterprise exists, the same information shall be provided with respect to each partner, trustee, officer, director and any shareholder or other holder who owns more 3 percent of the legal or beneficial interest of the entity.

An extensive investigation will be carried out by the Attorney General and report the results -- the reports of the results will be presented to the Gaming Oversight Authority within 150 days. The final decision will also be based on the applicant proving to the Gaming Oversight Authority that they have the financial stability, have good reputation with all financial backers, have good character and integrity and it pertains to their businesses, activities and financial affairs.

A facility's license will be granted for five years. Although the Gaming Oversight Authority has the right to suspend or revoke the license at any time. Once a facility's license is granted, it cannot be assigned, transferred or sold. The facility's license will pay for heat, electricity, water, sewer and maintenance of the facility in exchange for the terms of the lease agreed with the state. The facility's licensee will be responsible for serving all food and beverages within the facility.

The Division of Gaming Enforcement will be established to operate the video lottery machines located in the eight facilities, ensuring the integrity of the program. Only these state employees will have direct contact with the video lottery machines. This will be state operated and state controlled program.

A director of Gaming Enforcement will be established in order to hire and manage employees for day-to-day operations on all video lottery locations, ensuring the integrity of the program.

No person under the age of 21 will be allowed to play a video lottery machine. If they're caught violating this provision, the penalty will be a fine of no more than $1,000. If a state employee knowingly allows someone under the age of 21 to play, they too will be subject to a $1,000 penalty.

Administrative penalties of $50,000 will be levied in order to punish any misconduct and to defer future violations. After two administrative penalties, the Gaming Oversight Authority can either revoke or suspend the license indefinitely.

This amendment will authorize 3500 video lottery machines at the eight state operated locations. A facility will have no more than 800 machines and no less than 300. The Gaming Oversight Authority will have the ability to raise that number to 5500 after the first 12 months. In this instance, one location will have no more than 25 percent of the total number of machines distributed. Video lottery machines will pay out at least 87 percent on an annual basis.

The Gaming Oversight Authority will certify net machine income and establish a centralized computer system, linking all video lottery machines to ensure control of the machines. They will enter into lease agreements with up to three technology providers to provide leased video lottery machines to the state.

Next, I'll take you to the page that talks about net machine income. There will be 3500 machines times $296 of net income per machine times 365 days per year with a gross revenue of $378,140,000. The net machine income figures come from the Governor's Blue Ribbon Commission and the Sweepstakes Commission.

The distribution of the net machines' income is as follows: 60 percent will go to property tax relief fund or $226 million; a $2 per 1000 property tax reduction, which is 166 million and another 60 million will go to the general fund; 15 percent will go to the Department of Safety for employees and operations; 8 percent will go to the facility's licensee; 6 percent will go to the technology provider; 5 percent to school construction and rehabilitation; 2½ percent to counties; 2 percent to Sweepstakes

for a centralized computer system; 1 percent to towns with machines and .5 percent for an addiction prevention program.

Any unused portions of the moneys distributed will be deposited into the general fund. The video lottery program will allow new revenues to begin coming into the state coffers before the adoption of the next biennium budget. If the revenue projections provided by the Sweepstakes Commission and the Governor's Blue Ribbon Commission are off by 25 percent, we will still realize a $2 per 1000 on a property tax cut.

The video lottery program established by this bill will be repealed after the conclusion of a five-year license period if a constitutional amendment is passed with respect to the state role in education funding.

I think you're all aware that there was a lot of discussion about an Attorney General's critique. The new amendment includes the following changes, and these were all changes that the Attorney General requested and saw in the original piece of legislation. And as I go through them, you'll see that we've made changes to almost every one of them. Definitions of currency, pay out, video lottery machine and video lottery employees have been made or redefined, as requested by the Attorney General.

Credit cards and debit cards cannot be used as requested by the Attorney General. The regulatory enforcement system has been completely overhauled.

The powers and duties of the Sweepstakes Commission have been turned over to the Gaming Oversight Authority, as requested by the Attorney General. The amendment clearly defines who is responsible for hiring, firing, training and supervising video lottery employees as requested by the Attorney General. The amendment provides for background checks for all employees, as requested by the Attorney General.

The amendment defines the role of the Division of Gaming Enforcement as an established state agency under the Department of Safety, as requested by the Attorney General. The amendment clearly defines the concerns addressed by the Attorney General with respect to the standards for approval, suspension and revocation of the license, conducting hearings pursuant to civil violations and the development of a fee structure for licensing, the license of technology providers and the license renewals as requested by the Attorney General.

The amendment sets up a fine structure for people who falsely represent their age, as requested by the Attorney General. The amendment addresses the issue regarding the confidentiality provision with respect to grand jury subpoenas, as requested by the Attorney General.

The amendment lowers from 5 percent to 3 percent the percentage of ownership in a corporation that a person has in order to be part of an investigation conducted by the Attorney General. The original amendment had 5 percent in it, the Attorney General wanted it to be 1 percent, I compromised at 3 percent.

The amendment clearly defines the powers and duties of the director of the Division of Gaming Enforcement, as requested by the Attorney General. The amendment changes the time which the Attorney General must report the results of an investigation on an applicant from 90 days to 150 days, as requested by the Attorney General. The amendment allows for the payment of the investigation to be paid for with the $150,000 application fee, as requested by the Attorney General.

The amendment allows the Gaming Oversight Authority to impose fines of up to $50,000 per offense for violations of established rules, as requested by the Attorney General. The

amendment addresses all of the technical corrections requested by the Attorney General.

What will my plan mean for the taxpayers in New Hampshire? I provided you all with a spreadsheet outlining the $2 cut in the statewide property tax, what it means to our communities. At the current rate of $5.80 there are 55 donor towns. Under my plan that would be cut by 24, leaving only 31 donor towns remaining. The total donor amount will drop from 32.7 million to 8.8 million that is paid to the state. The 31 donor towns will pay 8.8 million, rather than the 20.6 million they pay under the current property tax rate. Total adequate education grants will increase from 411 million to 579 million. The 24 donor towns that become receiver towns go from paying 12 million to receiving 10 million from the state.

I encourage everyone to look at the spreadsheets, because we all know that we look at these spreadsheets whenever somebody passes them out and how they effect our own individual communities. I also included a spreadsheet with the 24 donor towns that will become receiver towns under my plan. You will also note that I have included a list of each State Senator's home town so that they can see for themselves what enormous tax relief and additional education grants this will provide for their own community. Unlike other plans, there are no losers. Everyone realized much needed tax relief and an increase in state education aid. While there are still donor towns, the number will be drastically reduced and those that will remain will also realize benefits from this plan.

I've heard a great deal of criticism regarding the sustainability of this type of revenue source. I won't insult your intelligence with slanted studies on either side of the issue. Instead, I will let you make the decision on your own. I did not fabricate the projected revenues that I have used in this bill. The Governor's Blue Ribbon Commission and the Sweepstakes

Commission both have independently come up with these figures. If you were to take a close look at the revenue figures for video lottery machines in other states, excluding casino-like Atlantic City and Las Vegas, you will see that the $296 per day, per machine figure is simply average. However, if these revenue figures are still off, the State of New Hampshire and its taxpayers will still realize an enormous benefit. In fact, the projected revenues could be off by more than 25 percent and we still could see a $2 statewide property tax cut.

I believe that this revenue source will be sustainable because New Hampshire is a unique state. I would not, for one minute, try to persuade you that these eight locations will become destination spots for our state tourists. However, I will tell you that they surely will contemplate the thriving tourism industry that we already have here in New Hampshire.

Each year more than 26 million people come to New Hampshire for vacation, recreation and to shop. During fiscal year 2000 the total direct and indirect spending by travelers and tourists increased by 13 percent over two years reaching $5.2 billion. Video lottery will give visitors another recreational source while they are spending time and money in our state. New Hampshire is a destination state, and if we give tourists additional opportunity to spend their time and their money, then everyone will win.

In fact, this piece of legislation now, we can be up -- if we can get this piece of legislation enacted now, we can be up and running in less than a year and begin bringing in necessary revenues before we face a budget crunch next year. I want to thank you all for your time and attention to this piece of legislation. I will entertain any questions that you might have.

CHAIRMAN BARNES: Sen. Gatsas, a comment. I've been up here 12 years, and I have never seen a sponsor of a bill be

more open in passing his or her bill around to get input from legislators, as well as department heads and what have you, and I want to commend you for that. This is your first term up here, and you've done a wonderful job of letting everyone know exactly where you're going with this, and I think that's important.

Number two, did I miss a point that you made in your amendment that in order for this to go, it's not just up to the Board of Aldermen, or the Board of Selectmen, but it's up to 60 percent of the community. Iis that what I think I heard earlier somewhere?

SEN. GATSAS: Well, Sen. Barnes, that was when I first was talking to you about the legislation, you had a problem that a supermajority of selectmen or a supermajority of aldermen could pass this legislation without any influence from the local people. We've removed that from legislation. We've incorporated it in the amendment so that it has to go to a municipal vote.

CHAIRMAN BARNES: And you made a statement, Senator, I believe, on the floor of the Senate, if 424 legislators, the 400 members of the House and the 24 members of the Senate, voted for this piece of legislation, not necessarily one ka-ching would be out there in the state?

SEN. GATSAS: Well, Senator, I think that everything that we talk about in the Senate and in the House is about local control, and this is probably the purest of local control. Because you're right, if 24 Senators vote in favor of moving this legislation along and 400 members of the House do the same, and if 263 communities chose not to vote this in at their location, then we would never have one video lottery machine in the State of New Hampshire.

CHAIRMAN BARNES: Thank you, Senator. Any questions from members? I think Sen. Below, you're going to speak, so

maybe you're going to save your comments for that. Any other? Yes, go right ahead, Senator.

SEN. BOYCE: I just would like to repeat the question I asked you the other day on the floor. You mentioned the sustainability and you also mentioned the Governor's Blue Ribbon Commission. Now, as I recall, the Blue Ribbon Commission, in their report, one of the things that they pointed out was that if gambling was -- if expanded gambling was brought to New Hampshire as a revenue source, that revenue would drop by, I think they said about 80 percent if Massachusetts enacted a similar thing.

Now, your answer the other day on the floor had something to do with this was all going to be the North Country somehow, implying that maybe all of these casinos would be in the North Country and not close enough to Massachusetts to make any difference. I'm just wondering if you could elaborate on that?

SEN. GATSAS: I think the Blue Ribbon Commission -- Thank you, Senator. I think the Blue Ribbon Commission stated that if the video lotteries were placed at the racetracks alone that there would be a decrease of 80 percent. I believe that somebody that's in Andover, Mass, that straps their skis to their car on a Friday, is going to Loon Mountain or Waterville Valley to ski and they're certainly not going to stop along the way to play video lotteries. If the video lottery location was in the North Country, I think that for an additional recreation source they would find that location. So, to say that everything would be in the North Country, no, I don't agree with that.

But I think that because they would be located just at the racetracks, was the Blue Ribbon Commission's statement that it would drop by 80 percent. I don't think that that would be the case, because I think that you will see that if you take a look at the revenues that are in Rhode Island, which put in video

lotteries, I want to say awhile ago, they're within 60 miles of Foxwoods and Mohegan Sun. They have increased their revenues and not decreased them on a regular basis.

CHAIRMAN BARNES: Any other questions from any members of the committee? Seeing none, thank you very much, Sen. Gatsas. I'll now call on Sen. Below to speak.

CLIFTON BELOW, Senator, District 5: Thank you, Mr. Chairman. I'm State Senator Clifton Below, representing District 5. I'll try to be very brief, because there's a lot of members of the public who want to speak, and I'll have my -- an opportunity to say more, both in committee and on the floor of the Senate.

I'm here to strongly oppose the adoption of this legislation, urge the committee to vote it inexpedient to legislate. The basic problem, it puts the state in the business of promoting an activity that for many people is addictive. An activity that will hurt the economy, not help the economy. An activity that creates the illusion of benefit, but at substantial cost to the state.

The main point is that what -- one thing we know about video slots is that for some people it's an addictive activity and that that rate of addiction increases in proximity to its availability. For some people it's entertainment and that's fine. But the problem is a disproportionate share of the revenue comes from people for whom it is a problem or a pathological activity, meaning they end up spending more than they really should, and they end up with a form of addiction to the activity.

We bring it into the state, we spread it around the state, that problem in pathological gambling will increase and the cost associated will show up. And it will show up, apparently, not on the spreadsheets, but it will show up in real ways in the economy. It'll show up in the form of costs to other businesses, lost productivity from employees, embezzlement, check kiting,

increased child abuse, increased divorce rates, increased criminal prosecutions, increased incarceration costs. None of those are reflected in the spreadsheets that we've been presented.

I'll just summarize it with a couple points that people in the gambling industry have made. Stephen Perskie, Vice President of Players International said, "The problem with this industry, and I'm now part of it, is that it doesn't create anything. It offers entertainment and leisure, which is obviously of great value, but it doesn't create anything in the long run." And that's simply true. It takes all this money that would come in as revenue is money that is coming out of household pockets that would otherwise be money spent on other activities.

Donald Trump, owner of three casinos in Atlantic City, told the *Miami Herald*, quote, "People will spend tremendous amounts of money at the casinos, money that they would normally spend on buying a refrigerator or a new car. Local businesses will suffer, because they'll lose customer money, customer dollars to the casino." And that's simply true. And we can have disagreements as to what the rates of those are, the cost to the economy. But what we know is that it exists and it's not accounted for in these spreadsheets.

I'll sort of end it right at that point. You know, the studies -- different studies show different costs. But significant studies show that the costs are on the order of or greater than the revenue that we might receive. So, we'll end up chasing -- chasing, I think, our losses just as the activity does for those who play, which is simply that the more you play the more you lose. That's the economics of it. The more people play video slots, the more money they lose. It's that simple. Thank you.

CHAIRMAN BARNES: Any questions of the committee for Sen. Below? Seeing none, thank you, Sen. Below. Is Chief Dodge still in the audience? Chief Dodge is the Chief of Police

from Epping, New Hampshire. He represents the New Hampshire Association of the Chiefs of Police and he opposes the bill, but he doesn't wish to speak, just for the record. Comr Flynn, please.

RICHARD FLYNN, Commissioner, Department of Safety: Mr. Chairman, members of the committee, you have to excuse it, I came down with a cold this weekend. I appear here at the request of the chairman and the committee. I do not appear here either opposing the bill or supporting the bill, but to answer any questions that you might have related to the bill. I have read the bill and some of the amendments. I've not had an opportunity to really spend an awful lot of time with the new amendments that had come in.

But, no matter what the House and the Senate passes, I just want to assure you if it's passed and the responsibilities were given to me, that I would work as hard as possible to see that it works whatever it is that you do. I'm just here, again, to answer any questions that you might have about the bill or about the responsibilities that I might have under the bill.

CHAIRMAN BARNES: Commissioner, I appreciate you responding to my letter by being here. I really do appreciate it, because I figure there might be some members of the committee that might like to ask some questions of you. Are there any questions for the Commissioner? Yes, Sen. Eaton.

SEN. EATON: Do you have any opinion as to how this bill compares to any other bills that have been through here?

COMR. FLYNN: No. I mean, bills similar to this that you're talking about?

SEN. EATON: (Nodding)

COMR. FLYNN: Yeah, we've -- over the years and most of you understand, I've been in law enforcement a long time. And I've seen these bills, you know, come and go and there have been other kind of gaming bills that have been passed. And I've not been given those type of responsibilities that I was given in this particular bill. But I'm sure that if the bill were to pass that we have enough support amongst our law enforcement to see that it would be effective, it would work.

CHAIRMAN BARNES: Thank you, Commissioner. Anyone else? Sen. Klemm? No. Commissioner, thanks so much for coming over, and I'm sure you'll be hearing from us again.

COMR. FLYNN: Thank you.

CHAIRMAN BARNES: Wayne Presby, please.

WAYNE PRESBY, Chairman, Mount Washington Hotel and Resort: Mr. Chair, members of the committee, my name is Wayne Presby. I'm the chairman of the board of the company that owns and operates the Mount Washington Hotel and Resort, and I'm here to speak in favor of this bill today.

I think of all the pieces of legislation that I've seen come out over the last seven or eight years, this is, by far, the fairest. It provides the most money to the state, and it also provides the most control to the state of any of the other pieces of legislation. I would suggest that if you were to support any bill regarding gambling that you would support this one.

As a person who is deeply involved in the tourism business, I see some disturbing trends taking place. I see a lot of our neighbors throughout this region of the United States and Canada approving gaming legislation. In fact, just in the last year, we've seen that New York has passed a sweeping bill allowing gaming throughout a number of the areas in the northern part of that state.

Certainly, Canada, Montreal in particular, already has several casinos that have been approved there. And the response of the State of New Hampshire to this has been to increase the business enterprise tax, rooms and meals tax, and many other taxes on the tourism businesses that support it so strongly financially.

I suggest that this trend can't continue. That in order for us to maintain our competitive advantage in this region that we need to look at approving some type of gaming legislation in this state, particularly because gaming has now moved from being an oddity, that was limited to places like Las Vegas in Nevada, to being a prolific enterprise that is being offered in many different areas and has become nothing more than an amenity to major resort hotels and operations.

We've heard over the years from the deterrents to this type of legislation that crime increases. Now, I was questioned, because obviously, as we know from the recent Enron debacle, accountants can make things look anyway they'd like them to look. And you can make figures add up in many different ways and by using different types of calculations you can demonstrate support for any position you may have.

For instance, if you have 500 people visiting an area and you have five cars broken into, you have a certain amount of crime. If that next year you had 1500 people visit that area and you had ten cars broken into, obviously, you could look at that as an increase in crime. But as a percentage the crime is actually -- has actually become less than it was before.

We also hear a lot of the deterrents talking about problem gambling. Now, I'm not saying that there might not be problem gambling, but I wonder how this is being calculated. I mean, before these casinos went into effect in other jurisdictions, were there organizations there running that were well funded and that were advertised that people could go and seek help at? If they

weren't and these organizations weren't established until after gambling was set up in those jurisdictions, how do we have anything to compare it to? I'm sure there's problem gamblers in New Hampshire right now. We just don't know who they are or where they are, because we don't have facilities to treat them. And even if we do, do those facilities have the funding and the advertising to let people know that -- who have these problems, that those treatments are available for them?

You know, we also talk about business failures, you know, the deterrents talk about how businesses and the areas around gaming facilities are constantly failing. Well, businesses get started every year and fail every year. And unless you have a baseline from which to judge whether or not businesses were failing at the same rate before the casino was put in or after it was put in, how can you make this determination? And my question always comes down to how are these calculations being made?

We also talk about domestic issues. Obviously, I'm sure that there could be some domestic issue that are caused by problem gambling. But I submit, you know, is gambling any worse than an income tax or a sales tax? I mean, over the years, how many businesses have had liens placed on them, assets seized, any number of other things in order to pay for taxes that they weren't able to pay? How many domestic disputes got caused over someone going out and spending a tax refund or not paying in their taxes when they were due? I'm sure there's issues with any form of revenue raising that we may have.

I would also like to say that, you know, you hear a lot of talk in this state that a lot of money is being spent trying to legalize, you know, gaming legislation in this state. Well, I'm sure, as a business person, if I was in the Pequot Tribe down in Connecticut, I'd be finding someway to send a lot of money to people that oppose this legislation, because I wouldn't want it to

get passed here because it would impact my ability to make money where I'm at.

The only other things I have to say about this is, you know, who was going to Ledyard, Connecticut before that casino got set up down there? No one. You know, if this is such a bad piece of legislation and it's so bad to have gaming in this state, why has Nevada been the fastest growing state in the United States for the last 20 years? You know, there must be something attractive about these places or people wouldn't be going there. If there's so much crime and the standard of living is so poor and the quality of life is so poor there, why is everybody flocking there? It just doesn't make any sense to me.

Anyway, I would urge you to support this piece of legislation. I think it will be good for the tourism economy. I think it will be good for the State of New Hampshire, and I'm not saying that there won't be issues, because there will be issues, but there are issues with anything that you decide to do to raise revenue in this state.

CHAIRMAN BARNES: Mr. Presby, I'd make a comment that I've been down to Foxwoods a couple of times and I haven't seen Bugsy Segal or his brothers. Question for you, if you were to participate, if this were to pass and you were to be one of the eight people selected, how would you handle that up at your establishment? Would you build an entirely different building, or would you incorporate it into your hotel?

MR. PRESBY: I believe that what we would try to do, Senator, is probably make use of some other unused portions of our facility that currently exist now that could be readily renovated to support this type of activity. Certainly, as far as, you know, criminal activities, you know, we would certainly rely on our security staff. We have a year 'round, 24-hour security staff there. I'm sure that we would have to beef that up and

maybe hire some additional folks. But there, again, that would add to employment in the area, which we dearly need at this point. And we would certainly rely on, you know, the help and input from all of the local law enforcement agencies, state law enforcement agencies and everyone else that is provided with some oversight pursuant to this bill.

CHAIRMAN BARNES: Well, I guess the reason I ask that, I've been to your wonderful establishment a number of times. And I notice that a good part of the clientele that is there, when I'm there, maybe it's different times of the year, but there are a lot of children, young children. Folks come up there with there families. So, that's why I asked the question, if it would be in a separate facility or would -- if I came in with my three grandchildren, are they going to walk into the lobby with slot machines and people playing them?

MR. PRESBY: No, Senator, I think that we would put it in another building that is located on the property, but that it would be separate and distinct from the hotel operation itself. And you know, in my mind, we would try to keep it as low key as possible as far as the guests that are visiting the hotel are concerned, separate entrances and we would play down the actual connection from the hotel to the operation.

CHAIRMAN BARNES: I appreciate that answer. Thank you. Anyone else on the committee have any questions for Mr. Presby? No questions, thank you very much.

Chief Tim Russell, please. Chief Russell is with the Henniker Police Department, representing the New Hampshire Association of Chiefs of Police, and he wishes to speak. Good morning, Chief.

TIMOTHY RUSSELL, Vice President, New England Association of Chiefs of Police: Good morning.

CHAIRMAN BARNES: Thanks for coming over.

MR. RUSSELL: Thank you for having me.

CHAIRMAN BARNES: Incidentally, for the record, the chief opposes the legislation.

MR. RUSSELL: Good morning. My name is Timothy Russell, and I am the Chief of Police in the Town of Henniker. I am a law enforcement veteran of some 29 years. It's a long time. I am currently the second vice president of the New England Association of Chiefs of Police and serve on the Legislative Committee of the International Association of Chiefs of Police. I am also a past president of the New Hampshire Association of Chiefs of Police, having served in that capacity from June of 1996 until June of 1997. I am here today representing that great organization in opposition to this bill.

The New Hampshire Association of Chiefs of Police is a professional organization representing over 200 chief executive law enforcement officers from local, county and state levels of government. For over 50 years, our organization has worked diligently to ensure that New Hampshire retains its positive quality of life.

It is not by accident, but rather by design, that year after year our proud State of New Hampshire is among the leaders, nationwide, who experience the lowest serious crime rate per 100,000 residents.

Over the years, our organization and dedicated people from the communities we serve have worked with this body, this citizen legislature, to enact public policy measures which prevent and deter crime. Measures in the areas of truth and sentencing send strong messages to those who would violate our laws; measures

designed to punish the drunk driver and deter others from becoming one; measures which keep families and schools free of violence; and measures which tell undesirables from outside of our state, stay away, take your business elsewhere. In New Hampshire we are people who are family oriented, and we won't tolerate it here.

We actually have drug dealers, on tape, during undercover operations in neighboring states who said they wouldn't go to New Hampshire to make a sale, because in New Hampshire they'll get serious time when they get caught.

These are the kinds of common sensible issues we've been glad to support. But the New Hampshire Association of Chiefs of Police are also not afraid to speak out when and where necessary and consistently to urge the quick defeat of proposals which would unilaterally and forever, change the nature and character of what New Hampshire is all about. We are firmly convinced that the expansion of gambling is just such a proposal.

I'm sure that many of you, if not all, have seen the advertisements on television for Foxwoods in Connecticut. When is the last time you saw an add that entices you to travel to Connecticut to enjoy its lakes, its parks, its restaurants, or its many other picturesque points of interest? You do not, because Connecticut has now become famous for Foxwoods. I ask you, is that what you and your constituents want for our great State of New Hampshire to become famous for? Are these the kind of advertisements you want to see on television to entice people from across this great nation to come visit New Hampshire for? I do not, and I sure hope that you do not.

Frankly, the bill before you is simply a reconstituted version of previous measures, which were defeated or allowed to die quietly and sometimes not so quiet deaths in past sessions. Yet bills of this nature keep getting reborn, session after session,

appearing in only slightly altered forms. Video lottery gambling machines and electronic games of chance at the racetracks, hotels or anywhere else, are simply this, they are casinos, they are either large casinos or they are small ones. But make no mistake, they are casinos, and the gambling industry's own trade journal says that they are.

The gambling interests would have us believe that there would be no increase in crime if we legalize video gambling machines. The indisputable fact is that crime did drastically increase in states like Montana, South Dakota, Mississippi, New Jersey and Connecticut after these states legalized video and electronic gambling.

The New Hampshire Association of Chiefs of Police oppose this bill, because we know that when gambling was expanded in these states there were also increased rates in crime, increased victimization of others, increased incidents of gambling addiction, increased property crime rates, increased numbers of DWI arrests and increased costs attendant with each of those state's abilities to handle, process and dispose of those increases.

Why would we want to risk that here in New Hampshire? As you know, through the hard work of many people, including this citizen legislature, our serious crime rate continues to be among the lowest in the nation. Why would we want to risk our hard fought, hard won status as one of the safest states in the nation? One of our threshold questions should always be, if a proposal has the likelihood of increasing, not decreasing, crime, then why should we do it?

Then we must ask ourselves, what are the other impacts? Are they negative or positive? For these reasons, as well as several others, our Attorney General, Philip McLaughlin; as well as, former Attorney Generals Warren Rudman, Thomas Rath,

Gregory Smith, Stephen Merrill and Jeffrey Howard have publicly voiced their opposition to expanded, casino-style gambling.

We are not the only state or region that has been tempted by the allure of expanded gambling. I'm going to give you a copy of this testimony that I'm reading this morning, and I have attached a letter to this written testimony, authored by Joseph Napolitan, who was instrumental in bringing casinos to Atlantic City. He now regrets his involvement in that process, because he believes that the casinos have destroyed that once picturesque city. I would ask you to please take a moment to review his written comments when you have a chance to do so.

Finally, let me say that we have something unique in our state, the essence of which is sometimes difficult to express. Let us nurture it and preserve it and hold it close to our souls. Let us not risk changing it by passing these measures. Gambling is not and should not become what New Hampshire is all about. And I thank you.

CHAIRMAN BARNES: Chief, I thank you for coming down, and I've got a couple of questions for you.

MR. RUSSELL: Sure.

CHAIRMAN BARNES: Number one, how many members do you have in your association? Do all the chiefs in the state belong to it?

MR. RUSSELL: No, all the chiefs do not belong to it. I would say better than 90 percent belong to the association.

CHAIRMAN BARNES: Do all your members, all 90 percent of those chiefs agree with the stand that -- what you're saying here today?

MR. RUSSELL: I can only tell you, Senator, that in the 12 years, 12½ years that I've been involved with New Hampshire Association of Chiefs of Police that this has been a topic of discussion on many occasions. I can assure you that each and every time our opposition to the expansion has overwhelmingly been supported. Most of the time unanimously; however, each and every time certainly overwhelmingly.

CHAIRMAN BARNES: Well, the reason I bring it up, there are some chiefs of police in this state that have talked to me, and they have no position whatsoever on this bill.

MR. RUSSELL: And I certainly believe that, and we don't try to force our position down any chief's throat.

CHAIRMAN BARNES: So, it's not 100 percent?

MR. RUSSELL: Not always.

CHAIRMAN BARNES: Okay. One other comment, a would you believe, I guess. I've heard this Atlantic City being destroyed by the casinos. Well, I happen to have had the opportunity to work Atlantic City before the casinos. And before the casinos came in, it was a pretty sorry place as far as the downtown and the beach area is concerned. So, I don't think the casinos did anything to further deteriorate what I used to work in.

MR. RUSSELL: Well, Senator, I think if you go a block back it's -- from where the casinos are, which I have done, it's pretty sad. And I guess beauty is in the eye of the beholder, with all due respect. Because I spent some time in Cape May, New Jersey and had an opportunity to spend a weekend there when I was released from boot camp, so to speak, and I thought it was very picturesque when I was there in 1968. I thought the boardwalk was beautiful, I thought it was --

CHAIRMAN BARNES: Did you see the horse make the jump into the ocean?

MR. RUSSELL: I didn't see that, no, sir.

CHAIRMAN BARNES: Any other members of the committee have any questions for the chief?

MR. RUSSELL: Can I just leave these here?

CHAIRMAN BARNES: You certainly may. Please leave them right there with Ben. Thank you so much for coming over, we appreciate it.

MR. RUSSELL: Thank you, sir.

CHAIRMAN BARNES: Tom Boucher, please. Tom Boucher is from Nashua, and he represents the New Hampshire Lodging and Restaurant Association. Thank you. And for the record, Tom opposes the bill.

TOM BOUCHER, Vice President, New Hampshire Lodging and Restaurant Association: Thank you. Good morning members of the committee, and Mr. Chairman thank you for allowing me to speak on this subject. As he said, my name is Tom Boucher. I'm the Vice President of Restaurants for the New Hampshire Lodging and Restaurant Association; and I'm also one of the partners with T-Bones Great American Eatery and Cactus Jacks in Manchester.

Speaking on behalf of the association, I would like to say that we are opposed to expanded gambling and certainly this video slots bill before you. First and foremost, we feel it would have a very negative impact on our state's image. As you know, our culture and quality of life in New Hampshire is very unique when compared to much of the rest of the country. Several cities and

towns have been rated at the top of the U.S. for quality of life, places with slots never make the tops of these lists.

Video slots or any kind of gambling will cost us a key element of the New Hampshire advantage. New Hampshire has many advantages, including no income tax, no sales tax and a beautiful, healthy and safe state to live and visit. Video slots would not fit into this list of the New Hampshire advantage.

Secondly, we are opposed to licensing video slots because of the unfair advantage video slot operators would have over our industry. Video slot operators would follow the gambling industry's practice of maximizing profits by holding patrons onsite until as much money as possible has been lost using free or below cost rooms and meals as the handcuffs that hold them. Surrounding restaurants, hotels, motels and entertainments, most of them being small businesses, will be at risk of either being put out of business or significantly reducing their revenues.

Information provided to the National Gambling Impact Study Commission showed that in Atlantic City in 1978, the year the first casino was opened, there were 311 taverns and restaurants, 19 years later only 66 remained, despite the promise that gambling would be good for the city's business. The New Hampshire Lodging and Restaurant Association opposes video slots, and I sincerely hope you'll consider the points I've outlined as two very good reasons not to support this bill. And thank you for your time.

CHAIRMAN BARNES: Mr. Boucher, I'm going to -- thank you for your testimony. I'm going to ask you, I guess, the same question that I asked the chief. How many folks in your association, approximately?

MR. BOUCHER: We have in the vicinity of 700 members.

CHAIRMAN BARNES: And out of those 700 members, how many are opposed and how many are in favor? Because I've already heard one member of your association very much in favor.

MR. BOUCHER: Yes. I would say, I mean, we don't have an exact number. But we never oppose or support anything that wouldn't be a majority. And so, in this situation the majority of our members oppose this.

CHAIRMAN BARNES: So, that could be as many as 51 percent?

MR. BOUCHER: More than that, it's more than that.

CHAIRMAN BARNES: Thank you very much. Any other members of the committee have any questions? Sen. Larsen, please.

SEN. LARSEN: I apologize, Senate Banks had a very difficult issue that took a long time.

CHAIRMAN BARNES: Did you carry on for me over there?

SEN. LARSEN: I did.

CHAIRMAN BARNES: Thank you.

SEN. LARSEN: We got it done. Excuse me. I had a question on the Restaurant and Lodging Association. Has the association taken a position on other revenue sources if the state were to need them, given that we have been searching for an answer to that?

MR. BOUCHER: Yes. As far as other revenue sources, you know, the business industry has been hit pretty hard with the recent increase in business taxes. I think that our position would

be that we would be in favor of a constitutional amendment, where revenues that the smaller or towns that needed it most could be -- divert the revenues to those towns that need it most, rather than the way it's set now.

SEN. HOLLINGWORTH: Question?

CHAIRMAN BARNES: Sen. Hollingworth.

SEN. HOLLINGWORTH: You're aware that that has been before the legislature, both in the House and Senate, has not even had any consideration of passage?

MR. BOUCHER: Yeah. I mean, that is the history of it, however, that we feel that would be the best way to approach it.

SEN. HOLLINGWORTH: Further question?

CHAIRMAN BARNES: Go right ahead, Senator.

SEN. HOLLINGWORTH: Being in the -- having been in the industry, I know it's important to our industry to have an educated workforce. If you were to pass something like that, it would mean that it would be -- the New Hampshire advantage, which you talked about, having an educated workforce would certainly be impacted, wouldn't it?

MR. BOUCHER: In what way?

SEN. HOLLINGWORTH: In the fact that you would not be -- all our children would not be educated equally.

MR. BOUCHER: I don't think that that necessarily would be true. It's a matter of what you consider equal, which towns need more of the money and which towns don't. And I don't view it as it being an unequal situation where a town that needed more

education funds, because they don't have the funds compared to another town, I don't -- you're not comparing apples to apples there.

SEN. HOLLINGWORTH: One further question?

CHAIRMAN BARNES: Go right ahead.

SEN. HOLLINGWORTH: In other words, you don't agree with the constitution that says that we should cherish our education?

MR. BOUCHER: No -- no. That's not --

CHAIRMAN BARNES: Okay, thank you, Senator. Sen. Gatsas.

SEN. GATSAS: Thank you. Coming back to your constitutional amendment, as you can see this legislation says that if a constitutional amendment does pass, that this would sunset. Would you say that 66 percent of your association is in favor or opposed to this legislation?

MR. BOUCHER: Which legislation are you referring to?

SEN. GATSAS: The amended version of 198.

MR. BOUCHER: I can't give you an exact figure on what percent.

SEN. GATSAS: Let us talk about a constitutional amendment. Because if a constitutional amendment came out of both the Senate and the House, it must go directly to the voters, and 66 percent of those voters must vote for it. Should that fail, what do you think the alternative would be for raising the revenues?

MR. BOUCHER: I don't have an answer for you, because that's -- you know, that's not something we've looked into to any great extent. I just know that the bill that we're discussing today is not the right avenue to go.

CHAIRMAN BARNES: Thank you very much, Sen. Gatsas. Any other members of the committee have any questions for Mr. Boucher? Thank you very much.

MR. BOUCHER: Thank you.

CHAIRMAN BARNES: Thank you for your input. I wrote a letter earlier last week to ask Comr. Arnold to come over here, and I see that Comr. Arnold has arrived. I'd just like him to come in and say a couple of words on the legislation. I know he has seen it before and he's one of the folks that has looked at it, Sen. Gatsas, and given him some input, and there might be some questions of the committee -- of the commissioner. Thank you, Comr. Arnold.

STANLEY ARNOLD, Commissioner, Department of Revenue Administration: Mr. Chairman, members of the committee, for the record, my name is Stanley Arnold, Commissioner of the Department of Revenue Administration. Thank you very much for the courtesy of taking me on what looks like it might be a long hearing.

The only point that I have to make about the legislation is -- when I'm taking a look at it the Oversight Committee of which the Department of Revenue or the Commissioner of Revenue is on is, I believe, impractical, particularly, in the first year. I believe it's going to be nearly a full-time job leading up to the investigation or meeting all of the requirements that are in the statute in order to be able to award the licenses. And I think the Commissioner of

Revenue, Commissioner of Safety, and the Attorney General are probably the three busiest individuals. I'm not sure how they would find the time in order to be able to do it.

I mean, if the Legislature directed it, of course, we would do the best we could, but I just think it's going to take away from three very important agencies to have the head of those agencies being involved in this. And I would suggest that, particularly, even if later on that there was -- the Oversight was comprised of those people, at least, on the initial go-around, there needs to be another mechanism in place, in order to be able to go through that approval process.

CHAIRMAN BARNES: Commissioner, I thank you for your comments. Anyone on the committee have any --

SEN. HOLLINGWORTH: I think Ted has a question.

CHAIRMAN BARNES: Starting over here, working my way over to the left. I saw that hand. Yes, Senator?

SEN. GATSAS: Thank you. Comr. Arnold, you know that this allows for a designee from out of the Department of Safety, Department of Revenue to be represented on that commission?

COMR. ARNOLD: I understand that, Senator, but I think something this important, involving this type of money -- I mean, one, we're not deep in staff at any of the agencies. I mean, there's not a lot of individuals to designate that you can give up for a year, or, however, long it's going to take. And, again, I think it's a matter of importance that it really needs to be some designated individuals that need to be doing something this important. So, I just -- I would just say that there needs to be other mechanisms,

particularly, in the granting of the licenses that could be done much better.

CHAIRMAN BARNES: Sen. Hollingworth has a question.

SEN. HOLLINGWORTH: Yes, I do. Commissioner, it would appear that you're not appearing either in support or in opposition to this bill, is that true?

COMR. ARNOLD: That's correct. And it's, as I have said in the past, Sen. Hollingsworth, I don't take positions on revenue raising, because that doesn't help anybody.

SEN. HOLLINGWORTH: Thank you.

CHAIRMAN BARNES: Anyone else on the committee have any questions of the Commissioner? If not, Commissioner, thank you very much.

COMR. ARNOLD: Thank you very much.

CHAIRMAN BARNES: Former Sen. Jim Rubens, who's here representing GSCAEG; and, maybe, he'll explain what that's all about, and he's here opposing the piece of legislation. Senator, it's good to see you, again.

JAMES RUBENS, Granite State Coalition Against Expanded Gambling: That's a 20th of a box of Cheerios.

CHAIRMAN BARNES: Yes.

MR. RUBENS: That's the Granite State Coalition opposed to the expansion of gambling --

CHAIRMAN BARNES: I see why you put the initials down. Thank you.

MR. RUBENS: Right, fits on the blue card. Also, here to fill out another blue card on behalf of Roy Stewart, former chairman of the Granite State Taxpayers, who is also in opposition to the bill; I'll fill out a card on that. I'm Chairman of the Executive Committee of Granite State Coalition Against Expanded Gambling.

We're opposed, because this bill, like many others, whether you put these machines in marble or sheet metal buildings, or whether you have them run by the state, or by licensees, or by the tracks, and whether they're located in Berlin or Salem, there is a common denominator to every, single one of the bills, and that's legalized video slot machines.

And the reason to oppose this bill is the same as all the others; it legalizes video slot machines. Families are wrecked by them and adolescent gambling addiction spikes; you've heard the data. Objective economic analysis has shown that the social and economic costs of the machines, again, regardless of where they're located or regardless of what type of building they're located in, the cost to the state, when you add them all up, are about twice to three times the revenues that come into the state.

So, for purely economic reasons, it doesn't make sense to pass this bill. I'll provide copies of testimony given before the Senate last year by Professor Earl Grinols, who published a study about a year and a half ago. It's called a Meta Study, and he located all of the modern data, independently ascertained, paid for by neither pro or anti-gambling entities. And amalgamated the

data, and came up with this number, which has been corroborated by other sources, that it costs about two to three bucks for every buck the state takes in from gambling. Here's the study. You can ascertain for yourselves whether it is solid; but, again, Professor Grinols is not paid for by anti- or pro-gambling forces, and the study that he has --

CHAIRMAN BARNES: Excuse me, Jim, is that the fellow --

MR. RUBENS: Yes, sir.

CHAIRMAN BARNES: -- you brought in from Illinois last year?

MR. RUBENS: Yes.

CHAIRMAN BARNES: Thank you.

MR. RUBENS: All right. The reason that is the case is, because when you put in a gambling machine within a radius of about 50 miles, this is very roughly, you, approximately, double the number of people who are addicted to the machines. These machines are the most addictive form of gambling, yet, invented, and that's why they're different from Bingo, or scratch tickets, or the things that we now have, and that's why gambling addiction increases in the 50-mile radius around which those machines are located.

If you look at the Granite State Coalition Against Expanded Gambling, you'll see something interesting, and I'll hand this out. The number of organizations that are part of our member coalition, you've already heard from the Restaurant and Lodging Association; you've heard from the chiefs of police. We've added

in the last month, the New Hampshire Children's Alliance, other members of the Granite State Taxpayers, the Citizens Alliance for Action of New Hampshire. You've heard from the chiefs of police, again; the New Hampshire Retired Educators Association signed on earlier this year; the New Hampshire Sheriffs' Association, the New Hampshire Women's Lobby, the Coalition of New Hampshire Taxpayers, New Hampshire Council of Churches, the New Hampshire Common Sense Conservatives, New Hampshire Social Justice Monthly, New Hampshire Psychological Association, New Hampshire Citizens for a Sound Economy, United Church of Christ, Cornerstone Policy Research, New Hampshire Baptist Association, Unitarian Universalist Group for Social Responsibility.

Not only do all those organizations oppose legalized slot machines, if you look, recently, you'll see that all of the candidates for Governor, except for one, now are on the record as opposing the legalization of video slot machines. All living attorney generals oppose -- in New Hampshire, oppose the legalization of video slot machines.

And, finally, and I'll hand out copies of this, all of the major dailies in the state have now editorialized against legalization of video slot machines. These are all people, all the member organizations of the coalition; the newspapers that have now editorialized against this legalization, the attorney generals, all these people spent a lot of time studying the issue. They looked very carefully at the pros and cons. All of these people are astute, careful people who haven't reached these decisions quickly or prematurely. And I'll hand this out for your perusal.

Finally, I appreciate the -- Second to finally, the fact that the bill allows a vote, a referendum vote, by local people who

would be host communities, and that is, in essence, an acknowledgment that there are tradeoffs, which are yet to be quantified. There are tradeoffs in allowing the machines in any particular community. The point that I would raise here is that because the impacts of allowing the machine in any community spread out for several towns, up to 50 miles surrounding the location where those machines are located. It would also make sense, and why doesn't the bill do this, why doesn't the bill allow other communities who might even more heavily impact it; adjacent towns also to have the opportunity to make that decision whether the tradeoffs are worth it for them?

And, finally, finally, a point that has to be raised again, if these machines are legalized, we have it on very good authority that the Massachusetts Legislature would be compelled, given the incentive, given the rationale they need to legalize slot machines, that feeder market would be taken away from us when Massachusetts would legalize. It's a near certainty. We legalize. They're boxed in. They've got it all around them, and the Governor's Blue Ribbon Commission found that about 60 percent of the revenues that our state would take in would be lost to Massachusetts, because that feeder market would be diverted back to geographically more approximate machines. So, this is not a steady or stable source of revenue and it's dangerous for the state to become dependent upon it.

Thank you very much, members of the committee.

CHAIRMAN BARNES: Mr. Rubens, you mentioned the State of Massachusetts you folks have heard on good sources. What have you heard about the State of Maine and the State of Vermont? Have you got good sources what their legislators are going to do?

MR. RUBENS: Well, we've -- we've stayed in close touch with the Massachusetts -- members of the Massachusetts Legislature, because that would be a big part of the feeder market for the State of New Hampshire. That's where a big chunk of the population that we would depend upon to provide revenues for the machines in the state would come from.

Obviously, if Vermont or Maine increased the extent of legalization, then, that would impact us; but, the biggest impact would be Massachusetts, and it's pretty clear what would happen to us.

CHAIRMAN BARNES: But your association doesn't have any ins, or what have you, connections --

MR. RUBENS: I don't have anything to report on that, --

CHAIRMAN BARNES: -- with the legislation --

MR. RUBENS: -- but I do report on the biggest part of the rug that'd be pulled out, the revenue rug that'd be pulled out from under us is the Massachusetts source, and that's very unsustainable.

CHAIRMAN BARNES: Thank you, Mr. Rubens. Any members of the committee? Sen. Hollingworth.

SEN. HOLLINGWORTH: Yes, I -- it's obvious some of these associations that have signed up here are clearly people we know. But then, you have some that's taxpayer groups or -- and I see several of those on here, and then I see Citizens for Sound Economy and Cornerstone Policy Research. Do you have who that membership is?

MR. RUBENS: I don't have that with me. There are -- The two leading anti-tax groups in the state, the Granite State Taxpayers and the Coalition of New Hampshire Taxpayers, both have taken formal board positions, formal policy positions opposed to the legalization of video slot machines and the expansion of gambling. I don't have their membership rosters here, but these are the two leading anti-tax groups in the state.

SEN. HOLLINGWORTH: Could I request that we kind of have some -- I know you probably can't give all memberships, but who are your lead members of these different groups that are -- that are --

MR. RUBENS: Contact persons, would that help?

SEN. HOLLINGWORTH: Well, just who's the founders; who are the lead members? Who are the directors?

MR. RUBENS: I could get that to you, if you wish.

SEN. HOLLINGWORTH: Thank you.

CHAIRMAN BARNES: Senator -- That is very well said, Bev. Senator, could you have that to us by this afternoon?

MR. RUBENS: I could have it to you by tomorrow. Is that all right?

CHAIRMAN BARNES: I'd appreciate it. The committee would appreciate it; and I'd like more than just one name on there. I would like the officers of those groups.

MR. RUBENS: That, I couldn't do by tomorrow; but, I could get that within a week. Would that be okay?

CHAIRMAN BARNES: We do need it. If we have a sheet here and Sen. Hollingworth is correct, who are they? You know, we need to know. Names are wonderful, but we need the people so we can put the names to these organizations.

MR. RUBENS: Okay.

CHAIRMAN BARNES: I'd appreciate that. Yes, Senator?

SEN. BOYCE: I just would like to ask if it's not the policy of the Senate, as it was in the House, that once a member decides to speak from the chair, either in favor or opposition to a bill, that they then relinquish the opportunity to question witnesses in the hearing. Is that not the case in the Senate as it was in the House?

CHAIRMAN BARNES: I think you and I just talked about this. I think that was the chairman's decision. And I think it will remain the chairman's decision.

SEN. BOYCE: I just wanted it to be --

CHAIRMAN BARNES: Thank you.

SEN. BOYCE: -- out in public that that was the --

CHAIRMAN BARNES: It's on the record. You've got it there, and I'm on the record, as saying it's my decision as the chairman of this committee to recognize any senator on this committee.

SEN. BOYCE: Thank you.

CHAIRMAN BARNES: And if that isn't liked by some members, that's the way it is.

Any other members, outside of Sen. Gatsas, who would like to have a comment? Sen. Gatsas?

SEN. BELOW: I have a question.

CHAIRMAN BARNES: You have a question?

SEN. BELOW: I'd defer to Sen. Gatsas.

CHAIRMAN BARNES: Sen. Gatsas?

SEN. GATSAS: Go ahead, Senator.

CHAIRMAN BARNES: Come on, guys. We'll go alphabetically. Sen. Below, you're first.

MR. RUBENS: You're being polite. This is wonderful.

SEN. BELOW: Good morning, Sen. Rubens. Are you aware of any evidence, one way or the other, to suggest that this kind of video slots would somehow be a complement to the existing tourism activity in New Hampshire? That is, people come here to visit our lakes, our mountains, or cultural or artistic resources that are going to extend their stay and spend their dollars on video slots, instead; or, is this a different market?

MR. RUBENS: If you go into places where video slot machines are located, again, whether they're marble buildings or

steel-walled buildings, you'll find the people who go there stay in there; they don't see a lot of sunlight. And this is why the New Hampshire Lodging and Restaurant Association opposes the bill, because the fact that they don't see sunlight means that they're not getting into their car and driving to the restaurants that's surrounding the buildings in which the machines are located. You end up -- And there are -- there are lots of numbers on this, but -- but the best of the numbers show a no-net -- no-net increase in jobs. You take jobs from one place and you put the job inside the -- inside the casino, and the jobs are not that high paying. So, the impact on the economy is, and on existing businesses and on existing other forms of tourism is not beneficial. It's -- it's either a net break-even or harmful, depending on which studies you look at.

CHAIRMAN BARNES: Are you all right, Senator?

SEN. BELOW: One further question?

CHAIRMAN BARNES: Certainly.

SEN. BELOW: What is -- from your reading of the literature, have you seen in terms of this proximity question, what portion of the gamblers are going to come from -- for just a video slots facility from nearby versus coming in from distances?

MR. RUBENS: The data varies, according to what the population profile is; but -- but it's, generally, a given that most of gamblers come within about 50-miles radius of where the machines are located. So, if we had machines on the -- in Salem, we would draw heavily from the Massachusetts population, in addition to our own population, in Manchester, Nashua, Salem, et cetera.

If you had machines in Berlin, you would draw heavily from people who live in the North Country of New Hampshire.

SEN. BELOW: Thank you.

MR. RUBENS: Again, it's the 50-mile radius that is, generally, deemed to be the primary market from which gamblers -- from which they drive to go to where the machines are located.

CHAIRMAN BARNES: Jim, has your group come up with any numbers of how many illegal machines there are currently in the State of New Hampshire? I've heard numbers all over the board. Do you --

MR. RUBENS: We don't have data on that, no.

CHAIRMAN BARNES: You don't have any data?

MR. RUBENS: No.

CHAIRMAN BARNES: I'm sure the Chiefs' Association. I should have asked the chief that question. That's okay. We'll let that one go. Sen. Gatsas has withdrawn his question. Any other members of the committee have -- Yes, Sen. Eaton?

SEN. EATON: Back in 1963, and we heard, when we had testimony over in the House, I remember seeing put up on the board, there is a screen that had quotes from 1963, saying that this would be the end of New Hampshire.

Is that the same testimony today as it was back then?

MR. RUBENS: The interesting thing is the -- the economics profession has become much more of a science, compared to what it was in 1963. And I handed out data from Professor Grinols, a meta study, scientists who have done a much better job of quantifying the impacts of the various types of gambling that exist. And the impact, the economic impact of slot machines is a quantum level different from the impact of video slot machines.

Video slot machines are the most addictive form of gambling ever invented. The play is very fast. You play in isolation, and you can keep playing as long as you want, generally.

So, the -- the assumptions or hypotheses raised back in '63 were that. There are certainly impacts from scratch tickets. You can go and stand in line at a store and you can see those impacts. You can see people spending money on scratch tickets, instead of bread. But, again, economists, using the -- the tools of the modern profession have shown us that this particular kind of gambling, legalized, video slot machines, are the ones that we should be most concerned about, and there are actual hard data that we can look at now. It costs about two to three bucks, when you add up the embezzlement, the child abuse costs, the social -- social policing costs, et cetera, court costs, when you add all that up, it's about two to three bucks out for every buck into the state.

SEN. EATON: Follow-up?

CHAIRMAN BARNES: Yes, go right ahead.

SEN. EATON: How do you differentiate this between video slots and Bingo that we see going on all the time?

MR. RUBENS: Well, again, Bingo is -- Bingo doesn't have the extent of addictive quality or the extent to which people's money is taken from them, as result of the addictive behavior. Bingo is -- is a quantum level different, in order of magnitude are more different than are the video slot machines that are being proposed here.

CHAIRMAN BARNES: Are you all set, Sen. Eaton? Everyone else okay on the committee?

SEN. EATON: (Nodding)

MR. RUBENS: Thank you very much.

CHAIRMAN BARNES: Please say hello to your family when you get home.

MR. RUBENS: Thank you. Thank you, Mr. Chairman.

CHAIRMAN BARNES: Good to see you. Joseph Levasseur.

JOSEPH LEVASSEUR, Taxpayers and Republicans: Yes, sir.

CHAIRMAN BARNES: He is representing Taxpayers and Republicans, and he's opposing the bill.

MR. LEVASSEUR: My name is Joseph Levasseur, L-e-v-a-s-s-e-u-r, and I am a resident of Manchester, New Hampshire. I'm a former alderman, and I was also a candidate for Mayor; and, if I was fortunate enough to win the Mayor's seat, I would be sitting here speaking in the same direction and talking the same way that

I am adamantly, strongly opposed to slot machines. And there is a reason why they call them one-armed bandits.

And also, Sen. Barnes, your comment as far as Atlantic City goes, I visited Atlantic City, not to gamble but to just go down there. And I never -- I didn't feel safe down there, and I was down there during the day; and, really, one block away in either direction is not a very sightly -- it's not a very becoming place, to be honest with you.

CHAIRMAN BARNES: What I've said -- not to interrupt you, but just to make sure we're clear, before the casinos went in, it was the exact, same way.

MR. LEVASSEUR: Okay.

CHAIRMAN BARNES: The strip along the beach with the boardwalk was wonderful. One block out wasn't a very friendly place to be.

MR. LEVASSEUR: I liked the boardwalks down there, but Atlantic City has not given me a warm, fuzzy feeling.

I'm just a regular businessman. I own a small pizza place in Downtown Manchester. I was happy to hear that the New Hampshire Lodging Association opposed this bill. I actually was kind of surprised by that, but, actually, -- but I'm happy, because what we always are looking for is revenue, as an alderman, and I have been very fortunate to sit next to the esteemed Sen. Gatsas. Actually, he was number 2 and I was number 3; so, we sat next to each other for two years. And when Alderman Gatsas digs his heels -- Alderman Gatsas and Sen. Gatsas digs his heels into something, he -- he's a very -- very proficient and hardworking

man, and he really does go after his -- what he wants and he does his homework. So, I -- I have great esteem for Sen. Gatsas for his work here, and -- and his effort to try to find a way to solve the revenue problems that we do have in this state.

But I pay $20,000 in property taxes. I've been fortunate enough to gather up a couple of buildings during the low part of the 1990s when the recession was bad, and I was fortunate enough to pick up a couple of buildings. And I pay over $20,000 a year in property taxes. And we all know that property taxes are, you know, what we have to pay and that's what we are stuck with. And it's easy to say, yeah, let's go get some revenue by finding a way to do it and doing it with slot machines.

I am not opposed to gambling, per se. I'm a little bit jealous of what Foxwoods gets out of our people here, our residents in this community, in this state. I know a lot of senior citizens go down to Foxwoods. They take buses and they enjoy themselves and have a good time. And I'm not here to sit here and start making all kinds of claims that there's an addictive behavior as -- as some of the former speakers have said. I think that there's always an addiction to certain things, and there's always going to be a certain percentage that are going to be addicted to one thing or another. Hopefully, that's hard work and education and public service, like all of you here are performing today.

But, I think that the -- the idea of having over 40,000 slot machines in the State of New Hampshire is not something that we want to occur in this state.

Also, what I'd like to say is the cost of the license of $150,000. I believe that is absolutely ridiculous to put these priced at 150,000. If you're going to put these licenses out, they

should be at a minimum, a half a million dollars or a million dollars, because there will be people out there, big, strong, powerful business operations, offshore businessmen, or whatever, that will come in and want to purchase these licenses. But, I, of course, don't want to see these sold, anyway.

I'm also fearful of the way that these things can be voted on in communities. I see that there are people here from the North Country that are not too happy about having their slot -- these communities voting on slot machines in their districts. Well, I can promise you that I'm not too thrilled about having these slot machines come down to southern New Hampshire. I can see one being put in Salem. I can see one being put in Nashua. I can see Manchester probably going for one of these; so, that would be three just in my general vicinity, and then let's go out to the Seacoast and Portsmouth, where all these poor donor towns have their problems of paying into this property tax system we have.

So, I'm fearful of having 20,000 of these slot machines within 50 miles of where my -- of where I live. And, again, I don't believe that's what we want as an image for our state. Maybe, the eight locations will be up north.

I do feel -- I understand what the Mt. Washington is going through. We haven't been having a lot of snow, and we remember correctly in 1988, part of the reason why this state went through a pretty tough recession is because we didn't get any snow for a couple of years. I wouldn't have a problem putting one casino in the northern part of the state. Again, I'm being a NIMBY, not in my backyard; put it up there, that's fine with me. But I would see that as a tourist attraction and something that would be controlled by the state. If you're going to start talking about privatizing the licenses by selling licenses for $150,000, then, why don't we start

privatizing the liquor stores and start selling them off? We might as well go the whole way. If we're going to do something like this, it should be controlled by the state. But, hopefully, if it was going to be done, it would have been done at the four racetracks, and that, at a minimal, at best.

In conclusion, I have a few notes that I'd like to, you know, talk about here; but, mostly, I just don't think that -- To be honest with you, Senator, I've watched you a very long time. You're obviously very strongly in favor of this bill, and I've watched you. You've been a very good senator for the Republican Party; but, as a Republican, sir, I really would not like the name of the Republican Party on this bill. I would not like to see the Republican Party be the ones that are focusing all of their attention on this. The Republicans have always been gifted, sir, at downsizing government and holding the reins on taxes. And, yes, Your Honor, we do have to pay our property taxes, but I'd rather do that than have to bring in over 40,000 slot machines. And I -- that are my conclusions.

CHAIRMAN BARNES: Well, I would like to make a comment for you. I would like you to do a little research, such as you have talked about Sen. Gatsas doing research, I'd like you to do just a little bit and to check my voting record over 12 years and see what I've done on gambling.

MR. LEVASSEUR: What is that?

CHAIRMAN BARNES: Well, I think you made the statement; so, I think it's up to you to check my records.

MR. LEVASSEUR: Well now, what is your record?

CHAIRMAN BARNES: I know what -- I know what my record is.

MR. LEVASSEUR: Well, you've opposed gambling in the past. I think you're leaning towards that way with me by saying no savings. I don't know what you're trying to say. I think you could save me a lot of work.

CHAIRMAN BARNES: What I'm trying to say is your statement was totally incorrect, inaccurate, and not true.

MR. LEVASSEUR: Oh, so, you're not in support of this bill, Senator?

CHAIRMAN BARNES: I am still undecided; but, in the past, I have never voted for a gambling bill, except the expansion of Powerball, and I'm glad I did; because two months after it went in, somebody in Chester, the next town to me in Raymond, won about $15 million, and I was very happy that that person in Chester was able to win that money.

MR. LEVASSEUR: Well, not to get into a dialogue with you, sir.

CHAIRMAN BARNES: No, we're not going to because we're stopping it right here.

MR. LEVASSEUR: But I did read your editorial to the Union Leader, and it seemed very strongly in support of this gambling bill.

CHAIRMAN BARNES: We're stopping right here.

MR. LEVASSEUR: Okay.

CHAIRMAN BARNES: Thank you very much. Sen. Eaton?

SEN. EATON: Yes, I just wanted to make somewhat of a correction, because he -- in your introduction, you had said you were representing such and such Republicans, and I don't think that you speak for all the Republicans?

MR. LEVASSEUR: No, I don't. Just the --

SEN. EATON: All right.

MR. LEVASSEUR: -- Republicans --

SEN. EATON: Okay, I just wanted to --

MR. LEVASSEUR: -- correct. But I do have a lot of people down in Manchester that I am talking --

SEN. EATON: You had mentioned that the license should be 500 hundred thousand to a million dollars, or something of that sort. What it says in the bill is that just to apply for a license is $150,000. You could have 20, 30, 40 people applying for that license for a nonrefundable $150,000. So, there is not a license fee, other than applying for it. That's it.

CHAIRMAN BARNES: Yes, Senator?

SEN. BOYCE: I just would like to point out. I think, maybe, you, in reading the bill, got confused by some of the numbers. I believe it's a total of 5500 for the whole state, and it's

not 5500 per location, which seemed to be what you were implying.

MR. LEVASSEUR: No, I am under the assumption that it's 4,000 and then it goes to 5,000 after a year, or so; and, if that's not true, I really do stand corrected. I thought it was going to be 5,000 per location or per license.

SEN. BOYCE: It was my understanding, it was a total of --

MR. LEVASSEUR: So, the total of the whole --

SEN. BOYCE: It starts out at 3500.

CHAIRMAN BARNES: Sen. Gatsas, would you answer that question?

SEN. GATSAS: The bill calls for 3500 machines in the first year.

MR. LEVASSEUR: Per license or for all eight licenses?

SEN. GATSAS: All eight -- total machines in the State of New Hampshire is 3500 machines.

CHAIRMAN BARNES: That's 3500 ---

SEN. GATSAS: It allows the Gaming Oversight Authority to go to 5500, if they choose. Nothing says that they must.

SEN. BOYCE: And I think it says that no more than 25 percent can be in one facility.

SEN. GATSAS: That is correct.

MR. LEVASSEUR: Okay. Well, whatever.

CHAIRMAN BARNES: Thank you very much. Any other members of the committee have any questions? Thank you very much for coming up today.

MR. LEVASSEUR: Thank you.

CHAIRMAN BARNES: Arthur Smith, who is representing myself and Granite State Taxpayers, and he is opposing the bill.

ARTHUR SMITH, Granite State Taxpayers: Hi there, Mr. Chairman.

CHAIRMAN BARNES: Good to see you.

MR. SMITH: Do you still recognize me? I served with you for six years in the House.

CHAIRMAN BARNES: Good to see you, again.

MR. SMITH: So, I carry the title Honorable, I believe?

CHAIRMAN BARNES: You sure do. You'll always have that title.

MR. SMITH: Thank you. I believe brevity is synonymous with compassion; so, I'll be compassionate. But I am a member of the Board of Directors of Granite State Taxpayers, just recently elected in January. I believe that I am representing their position, just as Jim Rubens did, former Sen. Rubens; and they are in

opposition to expanded gambling in the State of New Hampshire, not existing gambling, and I support that position. That's my first half.

Now, I'll put on the second one, because I'm from Salem, New Hampshire. I'm being realistic, understanding that this could pass, definitely a binding referendum should be included. The results should be known prior to the issuance of licenses. Then, any bidders would not waste their time trying to place casinos where they're not wanted.

If Rockingham Venture is successful in getting a license, and I believe they would be, I believe the 1 percent share for the host community, the host town, is definitely too little. If it covers only expenses incurred by the town, it is not enough. Certainly, we should realize some of the profit as a host community.

I'm not in favor of Rockingham going out of business with the horseracing track, but fear that the impact of a casino is a far different proposition. I believe I still serve a constituency in Salem. Last time I ran for election, I got a thousand votes. And that constituency would vote in opposition of this proposition. Two points I have made were not a part of the bill.

I'd say, let's not create any unintended consequences, like we frequently do. And I have some question about whether this is constitutional, what you're doing. You're placing four licenses around this state and denying everybody else in the state the opportunity to have the same thing. I thought we did things on a proportional basis in the state, more than favoring just some special interests?

Well, I think if you supported HR-14, that's coming before you, a lot of the agony in New Hampshire would go away. I believe we have a $30 million problem in this state and not a billion. We don't need all this funding for education that you've got at the present time. I'm perfectly willing to pay my property taxes down in Salem without any state aid, and I'll pay whatever the local legislative body votes to do with the school district.

I guess that if you want an education of who the numbers are of Granite State Taxpayers, I can name them, and, I believe. They begin with that the chairman now is Gary Daniels, former Representative from Milford; Wanda McNamara -- the Honorable Wanda McNamara, former Representative from Chesterfield; there's the Honorable Bob Ouelette. He was from Manchester. He now lives in Franklin. Me. There's a fellow by the name of Mike Miller from Plaistow. There's the Honorable Francis Riley; I believe you all remember. There's one former Rep from Nashua, I -- I don't -- I can't remember her name. There's Roy Stewart; and then, there's the Honorable Nancy Wall from Hollis. And if you wish, I could fax you -- if you give me your fax number --

CHAIRMAN BARNES: Thank you.

MR. SMITH: -- I could fax you a membership list with the officers, and I could do it today when I go home.

CHAIRMAN BARNES: We'd appreciate that.

MR. SMITH: Yep.

CHAIRMAN BARNES: I've got a question for you.

MR. SMITH: Sure.

CHAIRMAN BARNES: Over the years, I -- I thought I read in the paper, and I haven't followed that closely in the past, perhaps, but hasn't the town of Salem voted two or three times with referendums on gambling machines at the track? Are you on with that, sir?

MR. SMITH: Once previously, a nonbinding referendum that favors it; but, Senator, that was a number of years ago.

CHAIRMAN BARNES: One time?

MR. SMITH: Salem is a changed community. I believe it's a changed community. We have a far different population.

CHAIRMAN BARNES: What kind of a vote was that, do you remember?

MR. SMITH: What kind of a vote was it?

CHAIRMAN BARNES: Yeah, when they set the referendum?

MR. SMITH: My memory doesn't go back that far.

CHAIRMAN BARNES: Yeah, a long time ago. I appreciate that. But it's only happened once down there?

MR. SMITH: Yes.

CHAIRMAN BARNES: Okay.

MR. SMITH: To my memory.

CHAIRMAN BARNES: Sen. Eaton?

SEN. EATON: Thank you, Sen. Barnes. I did just want to make a couple quick corrections from -- if my memory of the bill is right. There are going to be eight licenses, and not just four.

I believe a town has to approve a referendum before you can have a license, even apply for a license in that town; the towns do get 1 percent of the take.

MR. SMITH: I -- I fully understand what you're saying, Senator; but I don't believe that 1 percent is sufficient. For a little town like Salem, this is going to impact Salem in a big way. I'm not kidding you. We're saturated down there with traffic at the present time. You can't go downtown on a Saturday. If you do, you're going to be down there all day trying to get back. We can't raise enough money down there to improve our road system. There's all kinds of things going on down there in our town, that --

If we're going to vote for it in our town, then, we should realize a better return on the impact that it's going to have on the State of New Hampshire.

CHAIRMAN BARNES: Any other member of the committee have any questions for the Honorable Arthur Smith?

MR. SMITH: Thank you.

CHAIRMAN BARNES: Thank you very much for coming over. Mildred St. Pierre is in the audience, and she doesn't wish to speak, and she opposes the bill.

I have Keith Hirschmann, who would like to speak; and, for the record, he's opposing the bill. And, I believe, he's from Ward I in Manchester. That's where I met him, at any rate.

KEITH HIRSCHMANN, Manchester: Good morning. My name is Keith Hirschmann from the City of Manchester. I'm a native New Hampshire resident. I was fortunate enough in Manchester to be elected three times to the Board of Aldermen.

In representing our city through the 1990s, we had very daunting tasks in the form of public safety. Thankfully, the state and the federal government came to our aid. We put together a program, I don't know if you remember, the Operation Street Sweeper Program. It was highly publicized in the *Union Leader*. It took a lot of undesirable elements out of our community. There were prostitutes, there were gamblers. There were many sting operations that Comr. Flynn and his staff spent hundreds of hours on, the Manchester Police Department spent thousands of hours on, the U.S. Marshal spent hours on, the Board of Aldermen had public safety meetings; we spent hours and hours trying to clean up our community.

Here we are in 2002, Manchester really is a shining quarter again. If you look down the main street, Elm Street, you'll find that the city's coming alive and everyone in the state does enjoy coming to our fine city. You possibly have seen our new civic center, a $78 million facility for family entertainment, family venues, such as wrestling, car shows, hockey games, concerts, Barry Manilow is coming to Manchester. Manchester's a community that doesn't have a public safety concern any longer. We've invested substantially in our police department. I, for one, have voted on many budgets to give extra police, bicycle patrol officers to keep Manchester safe, always thinking of public safety.

I am a constituent of Sen. Gatsas. I respect him very much, I live in Senate District 16. I do oppose this bill, because I believe in my heart that it will not bring a proper element to the City of Manchester should someone acquire a license in the community of Manchester. I think it would be a detriment to have any gaming. I don't even like the word gaming. I think it's improper. Right now, we have a Sweepstakes Commission. That's tolerable. You can go into a corner convenience store and spend a dollar or something of that nature, but I do not like the idea of gaming coming to Manchester. I just recently watched on the *Discovery Channel* a two-hour special, some of you have possibly seen it, of what had happened in Connecticut and other places.

So, I'm asking you -- many of you Senators, we're in the Finance room, and you have spent years in here financing public safety. So, from the standpoint of public safety, I'm asking you to continue to support public safety by not allowing gaming into Manchester and other communities because I feel it will be a detriment. And I want to thank you for listening to me.

CHAIRMAN BARNES: I appreciate and the committee appreciates your coming up here. The two of you gentlemen, both on the Aldamanic Board, and you must have a good handle. If the City of Manchester voted on this, how do you think that vote would come down? You both think it would not --

MR. LEVASSEUR: Not by 60 percent.

MR. HIRSCHMANN: The makeup of the Board of Aldermen, currently, I believe this would be a liberal situation that it could pass, and that bothers me.

CHAIRMAN BARNES: It wouldn't be for the board, it would be for the city. The city would have to vote, not the board can vote, but there only one vote.

MR. HIRSCHMANN: Sen. Barnes, I can tell you in my heart that I will hold signs at polls, I'll do whatever's necessary to defeat this. I don't believe in my heart this is the proper thing.

CHAIRMAN BARNES: Thank you very much. Any other members of the committee have any questions of Mr. Hirschmann? Yes, go ahead, Sen. Eaton.

SEN. EATON: Did you have video lotteries in Manchester or approve video lottery?

MR. HIRSCHMANN: Sen. Eaton, what we've had in Manchester for years is private social clubs with video machines in those locations, and I believe the state has gone and taken them all out. Is that correct, Sen. Barnes?

CHAIRMAN BARNES: I don't know. I know there's been a lot of conversations. I asked that question earlier, and I didn't ask the right person.

SEN. EATON: And what was the fee to have those there?

MR. HIRSCHMANN: Well, funny that you should speak of this. I sat on the Revenue Administration Committees for the city. We used to get a $100 license for those, and the city got into raising fees to try to eradicate the machines. And the gambling people paid the fees higher and higher and higher. So, when I left the Board of Aldermen, there were still machines in place and they were paying somewhere between $500 and $1,000 of revenue to the city to keep those. But they tried to impede the progress of those machines being proliferated everywhere.

CHAIRMAN BARNES: Is there any handle in Manchester of how many illegal machines there might be on the streets over there?

MR. HIRSCHMANN: Chief Driscoll has done a wonderful job, and I believe John Stephen from the Department of Safety has helped with the state and U.S. Marshals have gone in and seized machines. I remember on Kelly Street there was a high profile sting where they took out numerous machines. So, these dragnets have worked to cleanup our community.

CHAIRMAN BARNES: Well, Manchester's not the only one, because a few years ago they took machines out of a pizza parlor in Raymond and they sat in the police station for about three years as evidence. So, Manchester's not the only place that has the illegal machines. So, yes, sir?

SEN. EATON: But basically, the City of Manchester supported video lotteries?

MR. HIRSCHMANN: I wouldn't say that.

CHAIRMAN BARNES: No, well hold on. You'll get to speak a second time. Go ahead, Tom.

SEN. EATON: If they taxed them, that means they support them.

MR. HIRSCHMANN: No, it meant that there was no will up here in the state of the senators and the legislators to get rid of the machines, so the aldermen had to enact revenue to license these things and maintain them and control them, so they didn't get out of hand.

SEN. EATON: So, that basically states that they supported having them.

MR. HIRSCHMANN: If that's with you want to say, Senator.

CHAIRMAN BARNES: Anyone else on this committee have anything they'd like to ask? Thank you so much for coming up and it's good to see you again.

MR. HIRSCHMANN: Thank you, and I hope you help make Manchester the place it should be and not what it could be.

CHAIRMAN BARNES: Well, I've got to tell you something. I'll be down there tomorrow night again. I sit down at your arena enjoying the Manchester Monarchs.

MR. HIRSCHMANN: Thank you, Jack.

CHAIRMAN BARNES: And I like the ice cream stand right behind my seat. It's delicious, causing me a problem though with my sugar content.

David LaMarre-Vincent please, who is representing the New Hampshire Council of Churches, and I guess I don't have to say he's here to oppose the bill.

DAVID LAMARRE-VINCENT, Reverand, New Hampshire Council of Churches: Thank you, Senator. My name is David LaMarre-Vincent. I am a resident of Concord, New Hampshire and Executive Director of the New Hampshire Council of Churches, which is ten protestant, catholic and orthodox statewide denominations. I'm a member of the Granite State Coalition Against Expanded Gambling, and here to say that for a whole host of reasons, I offer my congratulations to Sen. Gatsas for his extremely hard work and diligent work on behalf of this piece of legislation.

SEN. GATSAS: Thank you.

REV. LAMARRE-VINCENT: And to Sen. Barnes, yourself, for involving other members of state government, Comr. Arnold and Comr. Flynn I haven't heard before at one of these hearings and the excellent questions that have come.

Over the last 12 years of my engagement, however, I have yet to see any movement on behalf of expansion of gambling into the most addictive form, which are these video slot machines. Every newspaper that's examined it carefully, daily newspaper in the State of New Hampshire has editorialized year after -- session after session, Senator. And the number of Odd Fellows who are members of our Granite State Coalition continues to expand. And we do have real members, we're not a name organization. We're not unanimous, of course. Everyone's entitled to their freedom of choice.

CHAIRMAN BARNES: We're not most of the time in the Senate either.

REV. LAMARRE-VINCENT: And I think that this is a -- the best effort that I've seen since Rep. Channing Brown championed it in the early '90s, Sen. Blaisdell championed it, Gov. Shaheen championed it. The state racetracks championed it as limited expanded gambling. And I haven't heard one scintilla of evidence that works in favor of expanding gambling into slot machines. Whether there's 3, 4 or 5,000, it simply does not belong in the State of New Hampshire.

And I think the evidence -- If you look at the evidence, the factual evidence of the experience of other states over the last 12 years speaks on behalf of the credibility of our testimony and the solidness of it over those 12 years, including the material introduced into the record by the Governor's Blue Ribbon Commission, the material introduced into the federal government's record by the National Commission to Examine Gambling in America. And you look at the evidence presented by

the citizens and the states and the localities where this has been introduced up to this point. It takes a little while, but eventually this does catch up and the price is paid, Senator. So, we oppose this bill.

CHAIRMAN BARNES: Thank you very much for coming in and testifying. Any members of the committee have any questions? Seeing none, thank you very much.

Rep. Steve Vaillancourt.

STEVE VAILLANCOURT, Representative, Hillsborough County, District 44: Thank you, Mr. Chairman, members of the committee.

CHAIRMAN BARNES: Representing Hillsborough, 44. Wishes to speak and he supports the bill.

REP. VAILLANCOURT: Also known as Manchester, Ward 8, home of the airport. And I guess I represent the third end of the troika, the former Manchester alderman who had been before you to speak today. But unlike the two former Manchester aldermen who spoke earlier, and like the current Manchester alderman sitting before you, a member of your committee, I support this bill. It's not perfect, we're never going to be perfect, I guess.

I spoke on the House floor a couple of weeks ago against the two gambling bills that were before us at the time. One that would establish gambling at the four racetracks and one that would establish gambling in the City of Berlin. I should tell you up front that I wholeheartedly support the right of people to waste their money any way they so choose. If you want to go to the Monarchs and waste your money on expensive ice cream, you have that right.

CHAIRMAN BARNES: I appreciate that.

REP. VAILLANCOURT: If I want to go to New Orleans and blow 1,500 bucks watching the Patriots become the Number One Team in the world, I have that right. I think gambling is probably not the best thing in the world to do, but neither is smoking and neither is eating an 8 ounce Hershey chocolate bar every day, as I've fallen into the habit of doing. So, I support the right of people to hurt themselves as they so choose, and to the extent that gambling is a bad thing, so be it. Drinking is a bad thing, there are many bad things.

I think this is a much better bill than limiting it to four racetracks, because this way, at least, everybody would have the equal opportunity to get on board. The comments that the City of Manchester would be inundated by gambling, I don't think they're necessarily true, may or may not come to pass. Manchester may or may not be one of the eight sites chosen if this bill were to pass. So, I think this is a better bill than we had in the House.

I hope, if you don't pass this bill and if the House ultimately doesn't pass it, you will pass the bill that the House passed, which is my study committee last week. That will be becoming before you, too. So, I've determined we should have gambling. Maybe we need to study it, but I'm willing to go forward with this. I'm sure, as it moves forward through your body and through the House, changes will be made if, in fact, it gets passed.

I have a couple of concerns I'd like to mention to you briefly, page 9 of the bill, line 20. It says 2½ percent of the net machine income shall be evenly distributed to the ten counties. I think that should be done on a per capita basis. I don't believe that Coos County should be getting the same amount as Hillsborough County. I think the way it reads now is that it would be ten counties getting the same amount; I think that's

inherently unfair. So, I would ask that that be done on a per capita basis.

I do have some concerns, on page 2 of the bill, lines 15 through 19, about the oversight authority that would be established. I did speak with Sen. Gatsas. I believe the original incarnation of the bill had Department of Education Commissioner as part of this troika, and that's been eliminated, and we have the Department of Safety Commissioner, Resources and who's the other one?

SEN. GATSAS: Revenue.

REP. VAILLANCOURT: Revenue. I think those are three good people. We may want to look at expanding that beyond three people. That seems like it places a lot of power in three individual people. So, I haven't thought of the way to expand it beyond that, but perhaps we should have more than three people involved. Those are the two main concerns I have with the bill.

CHAIRMAN BARNES: Sen. Gatsas, do you want to, while we're at it, page 9, can you answer that question for the Representative.

SEN. GATSAS: Thank you. I think that if you look at the distribution sheet. You may not have that, Rep. Vaillancourt, but in the distribution sheet it does say on a per capita basis to the counties.

REP. VAILLANCOURT: Oh, okay.

SEN. GATSAS: It should have been in the bill itself.

REP. VAILLANCOURT: Well, I'm happy then. And I just would like to answer one of the questions you posed to one of my former colleagues on the Board of Aldermen. I am absolutely

convinced that if the citizens of Manchester were to vote on a referendum, they would support gambling by an overwhelming majority, maybe two to one, maybe three to one, it would not be close.

CHAIRMAN BARNES: Thank you, Rep. Vaillancourt. Any of the members of this committee have any questions of Rep. Vaillancourt? Seeing none, I want to thank you very much for coming up from the Queen City to be with us today.

REP. VAILLANCOURT: Thank you.

CHAIRMAN BARNES: I have no more cards of people wishing to speak. Is there anyone out there that wishes to speak, for or against or is in the middle, on this piece of legislation that would like to come and be on the record? If there is no one that wishes to speak for a first time, is there anyone who wishes to speak for a second time? And I see your hand go up and please come on forward.

MR. LEVASSEUR: Thank you. Joseph Levasseur again. And I just wanted to direct my comments to Sen. Eaton, and I appreciate your comments before.

As far as the video slot machines, they were -- I don't know what you'd call them there, the video games that they have, the poker machines. They started like Alderman Hirschmann had stated before. The started at a lower price, they were $500. By the time we got to the point where we were -- you know, the chief of police had really, really fought hard and, obviously, Mayor Wieczorek wanted them out of there, they were at 1500 bucks each and there was no problem selling them at $1500.

When you say that there was a support for those, you've got to remember that there may have been support to buy them from the people who wanted to buy the machines themselves, as like

the social clubs and the restaurants. But just having them in your restaurant or your social club didn't mean that you could be paid off on them. They were supposedly for gaming and for fun only. So, just because you bought a license to have a video poker machine in your restaurant, and many of them did have them, they were only supposed to be played on, they weren't supposed to be getting money paid back. There wasn't supposed to be any gambling on them.

So, if you say there was support from people who would gamble on them, yeah, you're right. There is support for people who gambled on them. And there were a lot of people who made an inordinate amount of money in the restaurant business, like a side income. Of course, they were selling their cheeseburgers and fries for a buck-fifty, where other restaurants that didn't have that other income coming in from illegal gambling were having to put their prices at $3.50. So, the competition between all the other restaurants that didn't have them and those that did was unfair in that way.

And there have been some seriously heavy fines levied in the City of Manchester. A lot of restaurants -- there was a good sting where maybe 10 or 12 restaurants got hit and many of them had fines or penalties levied at them at 50 percent. And to -- as far as Alderman Vaillancourt saying two to three to one, I disagree with him wholeheartedly. I believe that it would not pass, because of the 60 percent, Senator. I think if it was a simple majority, it would probably pass, but not at 60 percent.

CHAIRMAN BARNES: Well, seeing that it's a -- this is a gambling hearing and gambling isn't legal in most parts of New Hampshire, we're not going to take any bets on that.

SEN. HOLLINGWORTH: And certainly not in the legislature.

MR. LEVASSEUR: Sounds good.

CHAIRMAN BARNES: Certainly not.

MR. LEVASSEUR: Thank you very much for your time.

CHAIRMAN BARNES: We can speculate, but we're not going to bet.

MR. LEVASSEUR: I just want to say that what's so great about this state is that you can come into a room and sit down and actually sit with your Senators. And I think that this form of government is second to none, and I really appreciate all of you people for putting your time and your energy into this, into this job. And I know how much work it takes to do this, and I want to thank you all for doing what you do.

CHAIRMAN BARNES: We appreciate your comments. Last call? Anyone wish to speak a second time? Seeing none -- oops, excuse me, Sen. Gatsas.

SEN. GATSAS: Thank you, Mr. Chairman. In deference to my colleague, Sen. Boyce, I refrained from asking questions, but I didn't want to throw study after study in your face. But since everyone else here has, here goes. A recent study done by Arthur Andersen demonstrated that new consumer spending on video lottery has not replaced spending on other recreational activities or industries. In fact, on the contrary, they generate an increase in tourism, as well as employment opportunities.

According to the Lutz Research Company, every one of the 31 states that currently has legalized video lottery machines has seen a net increase in jobs and business development. As you can see, I was prepared. I have quite list of in-your-faces, but we'll try and go around those.

According to a study conducted by the Hart Research Associates, 94 percent of the people who enjoy this adult form of entertainment do so with their spouse, friends or as part of an organized group. And when they play, 80 percent of them set a budget limit for how much they will spend before they go. This isn't a revenue source that is filled with money from addicts. Furthermore, according to the National Gambling Impact Study Commission, about 1.5 percent of American adults are pathological gamblers.

And in '99 the National Research Council of National Academy of Sciences found that 1.2 percent of American adults have a pathological gambling problem. We know for a fact that more people are addicted to alcohol and cigarettes than gambling. And yet, we, as a state, think it's entirely appropriate to take millions of dollars a year off the exclusive -- make millions of dollars a year off the exclusive sale of liquor and off the sale of cigarettes through the ever-increasing cigarette tax. Why is the -- Why is an expansion of what we have already had since '93 any different? I don't know.

I want to share with you a 2001 report that was ordered by Congress with respect to video lotteries at U.S. bases overseas. The U.S. Military operates 8,000 video lottery machines at 94 bases overseas. The Pentagon found no significant harm from slot machines at overseas basis. They found no significant harm to the morale or to the finances of U.S. Military men and women. In terms of level of addiction, their study found that only 2.2 percent of those who played experienced gambling related problems. If it's good enough revenue for the source of our military and has an extremely low rate of addiction, then why isn't it good for the State of New Hampshire?

If we institute the state controlled system, we can develop a process whereby someone's family member can contact the state if their loved one happens to be one of the 1.2 to 2.2 that are

gambling addicts. The Gaming Oversight Division can then have that person shut off and turned away from all eight locations. We would certainly do the same if an intoxicated person came into a state liquor store to purchase alcohol.

With that, I will conclude, because I have many more examples that I can give you. And again, I think it's what we talk about here at the state level about local control, and it's reduced to the lowest common denominator; that, again, if all 24 senators and 400 members of the House voted for this legislation, it does not mean that the State of New Hampshire would see one video lottery machine. It would be up to the local people in the local communities that have that ability. Thank you very much.

CHAIRMAN BARNES: Senator, thank you for all your hard work on this. Sen. Boyce.

SEN. BOYCE: I just -- a couple quick things. First, I want to commend your bravery in citing Arthur Andersen as a source.

CHAIRMAN BARNES: Was that before or after?

SEN. BOYCE: But on a serious note. The thing about the military, do you suppose that maybe what the military -- they made a decision that maybe it was better for the armed services personnel not to go off base to exercise this particular vice, where it might be less safe and to -- in order to keep them from taking their money and being rolled on a back street, they would rather have them being on base with their video machines? Is that possible?

SEN. GATSAS: Sen. Boyce, I certainly don't want to for one second try and think about what the Pentagon was thinking when they ordered this study. But I certainly believe that if the machines are put at that close a proximity to some people that have a lot of idle time on their hands that the addiction certainly,

I would have believed, would have been higher than 2.2 percent. So, I think that just goes to show you that the addiction process that we've heard testimony here today may be not all that truthful.

CHAIRMAN BARNES: Thank you, Senator. Sen. Hollingworth has a question for you.

SEN. HOLLINGWORTH: More a comment, because the Senator mentioned Enron and Arthur Andersen, so I don't mean to -- But my husband, as you know, is a mathematician, and he often says that people -- economists use statistics like a drunk uses a lamppost, more for support than illumination. Would you agree that some of those reports are doing exactly that?

SEN. GATSAS: I think, Senator, that the reports given on both sides are probably that strong light post for all of us.

CHAIRMAN BARNES: And that's why we're sitting here to make the decision of which report we believe most. That will be interesting when we take that up. Thank you, Sen. Gatsas. I now close the hearing on Senate Bill 198 and thank you for your participation.

[Hearing closed]

Speakers

COMMITTEE HEARING ON SB 198

Date: 2/19/02 Place: Rm. 103 SH

NAME: Sen. Clifton Below

Business Address:

City: Phone:

REPRESENTING:

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 1-2 min.

Supporting Bill: Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

COMMITTEE HEARING ON

Date: Place:

NAME: Don Shelden

Business Address: 705 S. MAIN ST

City: BRADFORD MA Phone: 978 372-5250

REPRESENTING: HOBA

WISH TO SPEAK: YES ✓ NO ___ Time Needed:

Supporting Bill: ✓ Opposing Bill:

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
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COMMITTEE HEARING ON SB 198 15 min (2)

Date: Place:

NAME: EARL L. GRINOLS

Business Address: DEPT OF ECONOMICS, U. OF IL

City: CHAMPAIGN, IL Phone: 217-333-4595

REPRESENTING: Myself

WISH TO SPEAK: YES X NO ___ Time Needed:

Supporting Bill: Opposing Bill: ✓

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/

COMMITTEE HEARING ON SB 198-FN-A

Date: May 16, 2001 Place: Rep. Hall

NAME: Lloyd Heidgerd

Business Address: Retired

City: Concord Phone: 228-5917

REPRESENTING: SeA

WISH TO SPEAK: YES ✓ NO ~~✓~~ Time Needed: 2 min

Supporting Bill: _____ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON SB 198 - FN-A

Date: 5-16-01 Place: HALL OF REPS

NAME: DAN McLEOD

Business Address: 507 SOUTH ST

City: BOW Phone: 224-2369

REPRESENTING: NHADA

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 2 min

Supporting Bill: gaming as a revenue source ✓ Opposing Bill: _____

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

2

COMMITTEE HEARING ON 15 min. (1)

Date: 5/16/01 Place: _____

NAME: Prof. John Kindt

Business Address: University of Illinois Box One, Commerce West

City: Champaign IL 61820 Phone: 217-333-6018

REPRESENTING: Univ. Illinois

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 15 mins

Supporting Bill: _____ Opposing Bill: No Position

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WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON SB-198

Date: 16 MAY 01 Place: _____

NAME: RALPH DOOLAN

Business Address: PO BOX 9

City: LITTLETON NH Phone: 603 444-8915

REPRESENTING: NORTHERN NH.

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 5 MIN

Supporting Bill: ~~✓~~ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
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/

COMMITTEE HEARING ON SB 198

Date: 5/16 Place: Rep Hall / Ward 10 Alderman

NAME: Bradford Cook

Business Address: 1000 Elm St.

City: Manchester Phone: 668-0300

REPRESENTING: Roman Catholic Bishop of Manchester

WISH TO SPEAK: YES X NO ___ Time Needed: 2 min

Supporting Bill: _____ Opposing Bill: X

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

/

COMMITTEE HEARING ON SB 198 NA

Date: 5/16 Place: Reps Hall

NAME: HOWARD TAYLOR

Business Address: PO Box 807

City: CAMPTON Phone: 726-3186

REPRESENTING: SELF

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 2 minutes

Supporting Bill: _____ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

/

COMMITTEE HEARING ON SB 198

Date: 5/16/01 Place: Rep's Hall.

NAME: Sen. Clifton Below.

Business Address:

City: Phone:

REPRESENTING: Dist 5.

WISH TO SPEAK: YES ✓ NO Time Needed: 3 min.

Supporting Bill: Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

/

COMMITTEE HEARING ON SB 198

Date: 5-16-01 Place: ~~50~~ Rep Hall

NAME: Scott LABNON

Business Address: T&C MOTOR INN

City: Shelburne Phone: 466 3315

REPRESENTING: N.H. Lodging & Rest Assoc

WISH TO SPEAK: YES ✓ NO Time Needed: 3 MIN

Supporting Bill: Opposing Bill: ✓

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WITH COMMITTEE CLERK

)

COMMITTEE HEARING ON 198 FNA

Date: Place:

NAME: Arne Arnesen

Business Address:

City: Peterborough Phone:

REPRESENTING:

WISH TO SPEAK: YES ✓ NO Time Needed: 2MINS.

Supporting Bill: Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

/

COMMITTEE HEARING ON SB 198-FN-A

Date: 5-16-01 Place: Rep. Hall

NAME: Peter B. Schmidt Dover City Council

Business Address: P.O. Box 1468

City: Dover Phone: 743-3757

REPRESENTING: self

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 3 minutes

Supporting Bill: ___ Opposing Bill: X

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON SB 198

Date: 5/16/01 Place: REPS HALL

NAME: ROY STEWART

Business Address: PO BOX 10473

City: BEDFORD Phone: 472-3421

REPRESENTING: GR ST TAXPAYERS

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 1 MIN

Supporting Bill: ___ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON SB-198

Date: ___ Place: ___

NAME: JIM RUBENS

Business Address: ___

City: ___ Phone: ___

REPRESENTING: Granite State Coal Against Exp Bonds

WISH TO SPEAK: YES X NO ___ Time Needed: 1 MIN

Supporting Bill: ___ Opposing Bill: X

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON 198-FN-A

Date: May Place: Rep Hall

NAME: Chris Reid (State Rep)

Business Address: 16 Centre St

City: Concord Phone: 227-9935

REPRESENTING: Strafford 12

WISH TO SPEAK: YES X NO ___ Time Needed: 3 min

Supporting Bill: ___ Opposing Bill: X

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON SB 198-FN-A

Date: 5/16/01 Place: Rep Hall

NAME: Rep Richard B. Driscoll

Business Address: Hills 22

City: Hollis NH Phone: 465-2517

REPRESENTING: HILLS 22

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 3 min

Supporting Bill: ___ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON SB 198

Date: 5/16/01 Place: Rep. Hall

NAME: Rep. Nancy M. Ford

Business Address: 56 Raymond St.

City: Nashua Phone: ___

REPRESENTING: Ward 3

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 5 min

Supporting Bill: ___ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON SB198

Date: 5-16-01 Place:

NAME: REP. RAYMOND BUCKLEY

Business Address:

City: Phone:

REPRESENTING: HILLS 44

WISH TO SPEAK: YES X NO Time Needed: 2 MIN

Supporting Bill: X Opposing Bill:

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
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/

COMMITTEE HEARING ON SB 198-FN

Date: 5/16/01 Place: Representatives Hall

NAME: Charles Putnam, Chief, Crim Justice Bureau

Business Address: 33 Capitol ST

City: Concord Phone: 271-3671

REPRESENTING: NH Atty Gen's Ofc

WISH TO SPEAK: YES ✓ NO Time Needed: 10

Supporting Bill: Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

/

COMMITTEE HEARING ON gambling

Date: 5-15 Place:

NAME: Irene Irving

Business Address: 149 East Side Dr.

City: Phone: 225-2360

REPRESENTING: United Methodist Church

WISH TO SPEAK: YES ✓ NO Time Needed: 3 min.

Supporting Bill: Opposing Bill: yes

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT before 11:30,
WITH COMMITTEE CLERK

COMMITTEE HEARING ON Gambling

Date: 5/16 Place: _____

NAME: Nancy L. Clark

Business Address: 45 Hill Top Dr

City: Epsom NH Phone: 736-4775

REPRESENTING: SELF

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 2"

Supporting Bill: _____ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

/

COMMITTEE HEARING ON _____

Date: 5/16/01 Place: _____

NAME: Doris Ballard

Business Address: 7 Broadway.

City: Concord NH Phone: 2253267

REPRESENTING: _____

WISH TO SPEAK: YES ✓ NO ___ Time Needed: 3-5 min

Supporting Bill: _____ Opposing Bill: X

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
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COMMITTEE HEARING ON SB 198-FNA

Date: 5/16/01 Place: Reps. Hall

NAME: Linda L. Gamash

Business Address: 7 Irwin Dr.

City: Manchester NH Phone: 669-2

REPRESENTING: self

WISH TO SPEAK: YES X NO ___ Time Needed: _____

Supporting Bill: _____ Opposing Bill: X

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/

COMMITTEE HEARING ON SB-198

Date: 5/16/01 Place:

NAME: Mark Fernald

Business Address: 243 Spring Hill Rd

City: Sharon Phone: 924-3440

REPRESENTING: Senate Dist 11

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ___ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
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/

COMMITTEE HEARING ON SB 198

Date: May 16 Place: Reps' Hall

NAME: Rep. Hal Melcher

Business Address:

City: Wilton Phone: 654-2804

REPRESENTING: Hillsborough Dist. 11

WISH TO SPEAK: YES ___ NO X Time Needed: ___

Supporting Bill: ___ Opposing Bill: 2

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
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/

COMMITTEE HEARING ON SB 198-FN-A

Date: 5-16-01 Place: House Chamber

NAME: Rep. Robert J. Ginda

Business Address: RR 1 Box 155M

City: Warren, NH Phone: 764-5776

REPRESENTING: Grafton-3

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ___ Opposing Bill: ✓

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WITH COMMITTEE CLERK

/

COMMITTEE HEARING ON 198 FN

Date: 5.16.01 Place: Reg. Hall

NAME: Rep. Jim MacKay

Business Address: 139 No State St

City: Concord Phone: 224 0623

REPRESENTING: Merr. 24

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ~~✓~~ Opposing Bill: ✓

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SB

COMMITTEE HEARING ON 198-FN-A

Date: 5/16/01 Place: Rep. Hall

NAME: Rep. Kimberley Donne

Business Address: Concord NH LOB301

City: ___ Phone: 888-6502

REPRESENTING: Hillsboro Dist 1

WISH TO SPEAK: YES ___ NO X Time Needed: ___

Supporting Bill: ___ Opposing Bill: ✓

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COMMITTEE HEARING ON HB 198 FN-A

Date: 5/15/2001 Place: Rep Hall

NAME: Mark A. Fraser

Business Address: 84 Branch Turnpike #57

City: Concord Phone: 228-9195

REPRESENTING: Merrimack 21

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ___ Opposing Bill: ✓

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WITH COMMITTEE CLERK

COMMITTEE HEARING ON SB 198

Date: _____ Place: _____

NAME: Rep. Joseph P Manning

Business Address: _____

City: _____ Phone: _____

REPRESENTING: Ches #9

WISH TO SPEAK: YES ___ (NO) ___ Time Needed: _____

Supporting Bill: _____ Opposing Bill: ✓

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WITH COMMITTEE CLERK

✓

COMMITTEE HEARING ON SB 198

Date: 5/16/01 Place: Representatives Hall

NAME: Chief William L. Wrenn

Business Address: Hampton Police Dept. 66 Ashworth Ave

City: Hampton, N.H Phone: (603) 929-4444

REPRESENTING: N.H. Assoc of Chiefs of Police

WISH TO SPEAK: YES ___ NO ✓ Time Needed: _____

Supporting Bill: _____ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

✓

COMMITTEE HEARING ON SB 198 FNA

Date: 5-16-01 Place: Reps Hall

NAME: Rep BARBARA CLEMENT

Business Address: _____

City: _____ Phone: _____

REPRESENTING: MERRIMACK HENNIKER BRADFORD

WISH TO SPEAK: YES ___ NO ✓ Time Needed: _____

Supporting Bill: _____ Opposing Bill: ✓

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WITH COMMITTEE CLERK

✓

COMMITTEE HEARING ON 198 FN-A

Date: 5-16-01 Place: Rep. Hall

NAME: Chester Jordan

Business Address: Merrimack County Sheriff

City: Concord Phone: 225-5583

REPRESENTING: NH PC Assoc

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ___ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

COMMITTEE HEARING ON SB 198

Date: 5/16/01 Place: ___

NAME: Greg Begin, Chief

Business Address: New Boston P.D.

City: New Boston Phone: 487-2433

REPRESENTING: NH Chiefs of Police Assoc.

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ___ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

COMMITTEE HEARING ON SB 198

Date: ___ Place: ___

NAME: Nathaniel H. Sawyer Jr, Chief

Business Address: 12 Pinnacle Hill Rd

City: New Hampton Phone: 744-5423

REPRESENTING: New Hampton Police Dept.

WISH TO SPEAK: YES ___ NO X Time Needed: ___

Supporting Bill: ___ Opposing Bill: X

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WITH COMMITTEE CLERK

COMMITTEE HEARING ON Expanded Gambling SB 198

Date: 5/16/01 Place: _____

NAME: Chief Gregory Dodge

Business Address: Epping Police Dept

City: Epping, NH 03042 Phone: 679-5122

REPRESENTING: NH Assoc. of Chiefs

WISH TO SPEAK: YES ____ NO ✓ Time Needed: _____

Supporting Bill: _____ Opposing Bill: ✓

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1

COMMITTEE HEARING ON SB 198

Date: 5/16/01 Place: _____

NAME: CHIEF DAVID C. BAILEY

Business Address: BEDFORD PD

City: _____ Phone: _____

REPRESENTING: NH ASSOC CHIEFS OF POLICE

WISH TO SPEAK: YES ____ NO ✓ Time Needed: _____

Supporting Bill: _____ Opposing Bill: ✓✓✓

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0

COMMITTEE HEARING ON SB 198

Date: 5/16/01 Place: Reps Hall

NAME: Bishop Douglas E. Theuner

Business Address: 63 Green Street

City: Concord Phone: 224-1914

REPRESENTING: NH Council of Churches

WISH TO SPEAK: YES ____ NO ✓ Time Needed: _____

Supporting Bill: _____ Opposing Bill: ✓ SB 198

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1

COMMITTEE HEARING ON 198

Date: 5/16 Place: Rep's Hall

NAME: Anne Campbell

Business Address: 4 Park St, Suite 403

City: Concord NH Phone: 225-2097

REPRESENTING: NH Citizens Alliance For Action

WISH TO SPEAK: YES ____ NO ✓ Time Needed: ____

Supporting Bill: ____ Opposing Bill: ✓

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COMMITTEE HEARING ON SB198

Date: 5/16 Place: Rep Hall

NAME: Sid Boutin Grafton 6 Rep

Business Address: 10690

City: Holderness Phone: 968 7582

REPRESENTING: Grafton 6 ✓

WISH TO SPEAK: YES ____ NO ✓ Time Needed: ____

Supporting Bill: ____ Opposing Bill: ✓

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COMMITTEE HEARING ON SB 198-FN-A

Date: 5/16/01 Place: Rep Hall

NAME: Richard Killion

Business Address: 4 Park St, Suite 305

City: Concord Phone: 229-3000

REPRESENTING: CSE

WISH TO SPEAK: YES ____ NO ✓ Time Needed: ____

Supporting Bill: ____ Opposing Bill: X

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COMMITTEE HEARING ON SB-198

Date: 5/16/01 Place: Rep Hall

NAME: Chris Wood

Business Address: 4 Park St

City: Concord Phone:

REPRESENTING: CSE

WISH TO SPEAK: YES ___ NO X Time Needed: ___

Supporting Bill: ___ Opposing Bill: X

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COMMITTEE HEARING ON SB A

Date: 5/16/01 Place: ___

NAME: Don Sisson

Business Address: P.O. Box 438

City: Epping Phone: 679-8825

REPRESENTING: Granite State Taxpayers

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ___ Opposing Bill: ✓

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COMMITTEE HEARING ON Gambling

Date: 5/16/01 Place: SH.

NAME: Rose Marian Blais

Business Address: —

City: Concord Phone: 228-4915

REPRESENTING: Public Officers at Hedge Heights

WISH TO SPEAK: YES ___ NO X Time Needed: ___

Supporting Bill: ___ Opposing Bill: Yes

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COMMITTEE HEARING ON SB198

Date: 5/16/01 Place: Rep. Hall

NAME: Michael Philbrook

Business Address: 24 Ferry Rd.

City: Nashua Phone: 889-2275

REPRESENTING: NH Federation of Humane Orgs

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ___ Opposing Bill: $\checkmark$

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COMMITTEE HEARING ON SB 198 FNA

Date: 5/16 Place: Rep Hall

NAME: Nicole Fouhard

Business Address: 81 Kearsarge North Rd

City: Warner Phone: 456-2064

REPRESENTING: ___

WISH TO SPEAK: YES ___ NO X Time Needed: ___

Supporting Bill: ___ Opposing Bill: XXX

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COMMITTEE HEARING ON SB 198 FN-A

Date: 5/16/01 Place: Rep Hall

NAME: Herb Hansen

Business Address: 34 Danforth Corner Road

City: Hillsboro, NH Phone: 478-3236

REPRESENTING: Granite State Coalition Against Gambling

WISH TO SPEAK: YES ___ NO X Time Needed: ___

Supporting Bill: ___ Opposing Bill: X

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COMMITTEE HEARING ON SB-198

Date: 5/16/01 Place: Representatives' Hall

NAME: John Paul Reid

Business Address: 312 S. Main St

City: Concord Phone: 224-1352

REPRESENTING: New Hampshire Council of Churches

WISH TO SPEAK: YES ____ NO X Time Needed: ____

Supporting Bill: ____ Opposing Bill: X

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COMMITTEE HEARING ON SB198

Date: 5/16/01 Place: Reps Hall

NAME: Bill McCarthy

Business Address: 4 Park

City: Concord Phone: 225-2097

REPRESENTING: ____

WISH TO SPEAK: YES ____ NO ✓ Time Needed: ____

Supporting Bill: ____ Opposing Bill: ✓

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COMMITTEE HEARING ON SB198

Date: 5/16/01 Place: ____

NAME: Susan Almy

Business Address: GR-14

City: ____ Phone: ____

REPRESENTING: ____

WISH TO SPEAK: YES ____ NO ✓ Time Needed: ____

Supporting Bill: ____ Opposing Bill: ✓ & all staff

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COMMITTEE HEARING ON 198-FN-A

Date: 5/16/01 Place: _____

NAME: ALAN WILLIAMS

Business Address: PO BOX 127

City: EXETER Phone: _____

REPRESENTING: EXETER TAXPAYERS ASSOC

WISH TO SPEAK: YES ____ NO ✓ Time Needed: 0

Supporting Bill: _____ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

COMMITTEE HEARING ON SB 198

Date: 5-16-01 Place: Reps Hall

NAME: Sam McKrit

Business Address: 4 Park St. Suite 408

City: Concord NH Phone: 225-2097

REPRESENTING: NH Citizens Alliance for Action

WISH TO SPEAK: YES ____ NO ✓ Time Needed: _____

Supporting Bill: _____ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

COMMITTEE HEARING ON _____

Date: 5-16 Place: _____

NAME: ~~Lee Hall~~ Plymouth Hall

Business Address: _____

City: _____ Phone: _____

REPRESENTING: _____

WISH TO SPEAK: YES ____ NO X Time Needed: _____

Supporting Bill: _____ Opposing Bill: X

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COMMITTEE HEARING ON SB 198

Date: 5/16/01 Place: Rep. Hall

NAME: LEE LAAU

Business Address: _____

City: _____ Phone: _____

REPRESENTING: _____

WISH TO SPEAK: YES ____ NO X Time Needed: _____

Supporting Bill: ~~SB 198~~ Opposing Bill: SB 198

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COMMITTEE HEARING ON 198 FN H

Date: 5/16 Place: _____

NAME: Rep Randolph Holden Hills (7)

Business Address: 36 First Ave

City: Goffstown Phone: 497-4347

REPRESENTING: _____

WISH TO SPEAK: YES ____ NO X Time Needed: _____

Supporting Bill: Yes Opposing Bill: _____

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WITH COMMITTEE CLERK

COMMITTEE HEARING ON SB 198-FN-A.

Date: 5/16/01 Place: Legislative Hall

NAME: John Lyons Hill

~~Business Address:~~ Sullivan County

City: Acworth Phone: 863-6360

REPRESENTING: _____

WISH TO SPEAK: YES ____ NO X Time Needed: _____

Supporting Bill: _____ Opposing Bill: Strongly Oppose

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COMMITTEE HEARING ON _____

Date: 5-16-01 Place: Rep. Hall

NAME: Rep Benjamin P Barrett

Business Address: _____

City: _____ Phone: _____

REPRESENTING: Hdb 42

WISH TO SPEAK: YES ___ NO ___ Time Needed: 1 min

Supporting Bill: ✓ Opposing Bill: _____

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/

COMMITTEE HEARING ON SB198

Date: 5-16-01 Place: Rep's Hall

NAME: Sen Ralph Rayle

Business Address: Dist 4

City: _____ Phone: _____

REPRESENTING: _____

WISH TO SPEAK: YES ___ NO X Time Needed: _____

Supporting Bill: _____ Opposing Bill: X

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

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COMMITTEE HEARING ON SB198

Date: 5-16-01 Place: Rep's Hall

NAME: Sen Jane O'Hearn

Business Address: _____

City: _____ Phone: _____

REPRESENTING: _____

WISH TO SPEAK: YES ___ NO X Time Needed: _____

Supporting Bill: _____ Opposing Bill: X

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
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/

COMMITTEE HEARING ON GAMBLING

Date: 5/16/01 Place: REP'S HALL

NAME: TOM McCORMICK

Business Address: _____

City: NEW LONDON Phone: 603-526-4477

REPRESENTING: GST - DIRECTOR

WISH TO SPEAK: YES ____ NO X Time Needed: —

Supporting Bill: _____ Opposing Bill: XXX!!

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

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COMMITTEE HEARING ON SB 198 FNA

Date: 5/16/01 Place: REP. HALL

NAME: RAYMOND E. PRUNK

Business Address: _____

City: DOVER NH Phone: _____

REPRESENTING: _____

WISH TO SPEAK: YES ____ NO X Time Needed: _____

Supporting Bill: ✓ Opposing Bill: _____

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
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/

COMMITTEE HEARING ON Gambling

Date: 5/16/01 Place: Concord

NAME: Fred Clark

Business Address: _____

City: Epsom Phone: 736-4775

REPRESENTING: _____

WISH TO SPEAK: YES ____ NO ✓ Time Needed: _____

Supporting Bill: _____ Opposing Bill: ✓

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WITH COMMITTEE CLERK

/

COMMITTEE HEARING ON 198-FN-A

Date: 5/16 Place: House

NAME: Don Booth

Business Address: 357 Shaker Rd

City: Canterbury Phone: 783-4745

REPRESENTING:

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ___ Opposing Bill: ✓

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1

COMMITTEE HEARING ON SB 198 FN-A

Date: 5/16/01 Place: Rep. Hall

NAME: Michael Power

Business Address: NH AFL-CIO - 110 Sheep Davis RD.

City: Pembroke NH Phone: 224-4889

REPRESENTING: NH AFL-CIO

WISH TO SPEAK: YES ___ NO ✓ Time Needed: 0

Supporting Bill: ___ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON 198 FN A

Date: 5/16 Place: House

NAME: ERIC PALANGAS Rep Hills. Manchester

Business Address:

City: Manchester Phone: 647-4038

REPRESENTING: Dist 41 Man. Hillsborough

WISH TO SPEAK: YES ___ NO ✓ Time Needed: ___

Supporting Bill: ✓ Opposing Bill: ___

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT
WITH COMMITTEE CLERK

1

COMMITTEE HEARING ON SB 119

Date: 5-16-01 Place: Reps Hall

NAME: Nancy W Wall

Business Address: P.O. Box 121

City: Hollis N.H. Phone: 465-7943

REPRESENTING: Granite State Taxpayers

WISH TO SPEAK: YES ____ (NO) Time Needed: ____

Supporting Bill: ____ Opposing Bill: ✓

PLEASE LEAVE COPY OF ANY PREPARED STATEMENT WITH COMMITTEE CLERK

Testimony

Gambling Position of the United Methodist Church

I quote from the Book of Resolutions:

"Organized and commercial gambling is a threat to business, breeds crime and poverty, and is destructive to the interests of good government. .... "It serves as a "regressive tax" on those with lower income. In summary, gambling is bad economics; gambling is bad public policy; and gambling does not improve the quality of life. We oppose the growing legalization and state promotion of gambling."

Irene M. Irving
Church and Society
N.E. Conf. UMChurch
14-G East Side Dr.
Concord, N.H. 03301

imips@totalnetnh.net
603-225-2330

WEST VIRGINIA PASSED A LAW THAT ELIMINATED "GRAY MACHINE" (THOSE THAT PAY OFF ILLEGALLY) AND NOW HAS MACHINES AT RACE TRACKS AND DESIGNATED BARS IN THE STATE.

AT A HIGH POINT THERE WERE 26,000 MACHINES IN THE STATE AND *W. VIRGINIA HAD/HAS ONE OF THE LOWEST CRIME RATES IN THE COUNTRY.*

THE NEW LAW INSTITUTES STATE CONTROLS AND LETS THE STATE MAKE BETWEEN 30-50% OF THE REVENUES.

THE "GRAY MACHINES" NEVER BROUGHT MONEY TO THE STATE.

The Union Leader

March 21, 1963

An Editorial

New Hampshire People Want the Sweepstakes Bill

"No one has to buy a sweepstakes ticket or gamble if it is against his principles or if he doesn't want to.

"They (NH residents) are for voluntary taxation as opposed to involuntary taxation."

William "Bill" Loeb
Publisher

Earl L. Grinols
16 May 2001

SUMMARY POINTS

- **VLTs create economic costs for society and taxpayers, including non-users.**
  - *Crime*: E.g. Aggravated assault, rape, robbery, larceny, burglary, auto theft, embezzlement, fraud.
  - *Business and Employment Costs*: Lost productivity, lost work time, unemployment-related employer costs.
  - *Bankruptcy*
  - *Suicide*
  - *Illness*: E.g. Stress-related, cardiovascular, anxiety, depression, cognitive disorders.
  - *Social Service Costs*: Treatment, unemployment & other social services.
  - *Direct Regulatory Costs*
  - *Family Costs*: E.g. Divorce, separation, child abuse, child neglect, domestic violence.
  - *Abused dollars*
  - *VLTs represent 80 % of typical Class III (casino style) revenues.*
- **Fails a cost-benefit test.**
  - Even using the lowest cost estimate and the highest benefit estimate, costs to benefits are $1.90 to $1.
  - Social costs (mid-range) from gambling are approximately $190 per adult annually (of which crime = $63.).
  - Social benefits (preferred number) are less than $35 per adult.
  - On a per pathological gambler basis, studies in different parts of the nation conducted since 1994 conservatively estimate costs to be $13,600 per year.
- **Crime: U. Illinois-U. Georgia, 1999 Study**
  - 7.9% of total crime (FBI Index I) due to gambling in counties with Class III gaming .
  - 7.7% of property crime
  - 10.3% of violent crime
  - E.g. For an average county with 100,000 population this implies 772 more larcenies, 357 more burglaries, 331 more auto thefts, 12 more rapes, 68 more robberies, and 112 more aggravated assaults.
- **Taxes via VLTs are Worse than a Conventional Tax Collecting the Same Revenue**
  - A conventional tax implies social costs per extra dollar collected of $1.25-$1.45.
  - A VLT tax dollar has costs of $2 - $3 or greater.
- **Dollars come from the Wrong Source**
  - 80 percent of casino revenues are from slot machines
  - 1/3 to ½ from problem and pathological gamblers (e.g. 37 % Montana, 1/3 Australia)
- **VLTs are a Slippery Slope**
  - What is easy for one state to do, others can do.
  - Generates a race to the bottom.
  - End result: States not gain at others' expense; all reap social costs.
- **National Gambling Impact Study Commission**
  - ~3 m P&P gamblers, 15 million more at risk (8.5 m potential according to other studies)
  - ~$5 b costs now, (vs. $20 b - $85 b potential based on other studies: This study => ~ $27.5-$43.4 b potential.)
  - Gambling is like the lost output of another 1990-91 recession very decade.

EXCERPT

SB 198-FN-A

MAY 16, 2001

Representative Chris Reid, District 12: I don't know if I am a member of the extreme right or the extreme left, but I'm here to speak in opposition to the bill.

I'm not going to speak about social costs and the unfunded mandate to the counties and the cities that are given no funds in this bill to deal with some of the problems that this bill will definitely bring up{sic}.

I want to talk about the effect that allowing video slots in the state will have on the politics of the state and the political ecosystem of the state. I come from this from the perspective of someone who is a senior assistant attorney general and someone who is an associate independent counsel in the investigation of **Interior Secretary Bruce Babbitt**. My job there was to go out to **Wisconsin** and **Minnesota** – look at the money trail and look at how the gaming interests – both for this casino at a dog track and against this casino at a dog track – were spending their money in order to influence the political debate.

You know, when you build a casino in a desert, you do help the economy of the desert. There's nothing there and over a period of time, it grows. When you build a casino in a place like **New Hampshire** that has a vibrant tourist industry – restaurant and hotel industry, what you find is that the gambling takes money away from other pursuits like going out to eat, buying flowers for your garden....All kinds of things that happen in the **New Hampshire** economy. That money goes away.

Where does that money go? It goes to the management companies and the consulting companies and the machine companies who have to contract with the state. The state can't do this themselves. That money goes in the hundreds of millions of dollars out of state.

The state – meaning, the legislature of this state and the senate and the house and the governor – control how much of that money these people get to keep. Now, I've heard a few people say, "you know, this will be 100% state controlled and this will solve a lot of the problems." But, in a few years, we will be asking ourselves the same question that people ask in other states when they allow video slots to come in, "who's controlling whom?"

And, what you see is, there is an economic reason. We control how many machines there are – what the odds are on the machines – whether there's competition for the machines.....all those factors that affect the bottom line of these companies....And, it makes economic sense if a change that the legislature can make can make a company a hundred million dollars, it's economic sense for them to spend ten, fifteen million – however many millions it takes in the legislature of this state.

They can't spend it all on gambling, so what they do.....they're sophisticated enough to do sort of regression analysis – look at all the issues in the state and say, "Where do the people that were for gambling stand on the capital punishment? On some education issue? On abortion? On all kinds of issues?" And, they say, "Well, we'll spend money in those races and we'll form groups called the 'people for good education' and the 'people against capital punishment'....."

So, all of a sudden, you have a huge influx of money affecting the public policy of the state and the spending of the money has no reference to good public policy. It just has reference to gambling. And, that will have a devastating effect on the political ecosystem of the state.

Now, I've also heard it said here today that we're not forcing anyone to gamble. But, when you have a revenue source that can decrease quite a bit if Massachusetts puts in machines.....And, I can guarantee you this.....These companies that are spending their millions of dollars in the legislature are not going to say, "Hey! Massachusetts put in machines. Our revenue went down. Let's make sure that the state gets a higher percentage so their revenues stay stable!" No, they will spend millions of dollars to make sure that it's the state that takes the hit. Not the consulting companies, the management companies, the machine companies.

So, you are forcing every citizen of this state to gamble. You're forcing them to gamble by paying all the costs associated with a very risky revenue raising plan and no guarantee that it will solve the states' problems.

Thank you, Mr. Chairman.

(END OF EXCERPT)

SB 198

MAY 16, 2001

EXCERPT

Representative Raymond Buckley, District 44: I am here in support of Senator Ted Gatsas' effort to bring an innovative – I thought, new – as well as he did – idea to the issue of gaming here in New Hampshire

Senator Gatsas should be applauded for a thoughtful, well reasoned responsible suggestion as we grapple with both the need to resolve the education funding crisis and the public's desire to increase legal, regulated gaming.

Today, you will hear the desperate pleas of New Hampshire's far left and far right in their unholy alliance to squash the overwhelming majority of New Hampshire in their desire to have legal and safe gaming.

The people of New Hampshire know better and in poll after poll – in survey after survey – they emphatically state – without equivocation – that expanded gambling is their number one choice in resolving education funding.

People of New Hampshire see through the thinly veiled politically posturing of the political extremes that are represented here today. But, certainly, not on the main streets of New Hampshire's towns and cities.

Senate Bill 198 offers a viable option and Senator Gatsas should be applauded for bringing it forward. Much of what you will hear today are the exact same histrionics and scare tactics that were used 40 years ago when Representative Larry Pickett of Keene then sponsored the introduction of the Sweepstakes Commission. I was amazed that Senator Gatsas brought up those exact same quotes that you're going to spend several hours here today hearing from. The same sort of re-tread speeches that were brought out of

the barns of those from the far left and the far right that were against the institution of Sweepstakes back 40 years ago.

Senator Barnes, I'm sure you remember that argument very well from that time.

Representative Pickett was attacked for bringing forward the Sweepstakes Commission and bringing "sin and destroying New Hampshire's families."

The same old song – just a different generation.

The time is long gone for the simplistic "war cries" of the extreme left and right here in New Hampshire.

I have to tell you....although my family has been for generations – here in New Hampshire, I don't recall a single time where either a parent or grandparent, aunt or uncle - either went to a casino or bought a scratch ticket....No members of my family are gamblers. But, when asked what is their preference, they choose allowing video lottery. Because, that is – just as the arguments 40 years ago were....that is a voluntary tax that is a way that people can choose. It is something that you do not have to do. Nobody forces somebody to become addicted to anything. They become addicted to something or they enjoy something with their own free will.

Over the years, though, I have had the opportunity to be employed in various stores – both in a liquor store and in (two times) a regular retail store that sell lottery tickets. For those who will come before you today and say there is a significant difference between the people that are buying row after row of scratch-off tickets and sitting there and cutting them off versus putting a dollar in the machine and hitting a button.....That argument just simply escapes me and I challenge any member of the committee to go down to the Mall of New Hampshire. Wait for about nine o'clock in the morning....Because, in the Hudson News, they sell the scratch-off tickets and the senior walkers walk around....Having been in charge of opening the door to let those seniors in, there is generally a line every single morning of ten to fifteen Manchester seniors buying their scratch-off tickets. They spend about an hour going back and forth – cashing it in and buying another one and they sit there as a group of people.

Would someone say that they are addicted to that? I don't know. But, do I think that there is free will involved? Is it something that they enjoy? Clearly, because that is what brings them there day after day – at the Mall of New Hampshire.

I suggest that it happens all across the state as well.

One of the arguments that I heard on the radio yesterday was that the suggestion of having these machines in the liquor stores is somehow going to bring the joint sin of drinking and gambling together. Well, clearly, even though that person served in the state senate, must not be aware of the fact that you're not able to actually consume liquor stores. I was quite confused by his argument that somehow, someone was going to be getting drunk sitting there gambling on the machines. When he testifies later on, I hop that someone from the committee will kind of ask him why he got confused by that.

So, I applaud Senator Gatsas' effort to bring Senate Bill 198 before you and I encourage the Senate Ways and Means Committee to give serious consideration to what I believe is a very thoughtful piece of legislation.

Thank you.

Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE

Date:

THE COMMITTEE ON **Ways and Means**

to which was referred **Senate Bill 198-FN-A**

AN ACT **expanding the authority of the sweepstakes commission to establish a 2-year pilot program for video lottery games at state liquor stores, and making an appropriation therefor.**

VOTE: **4-0**

#2002-2228s

Having considered the same, report the same with the following amendment and recommend that the bill: **AS AMENDED OUGHT TO PASS.**

Senator John S. Barnes, Jr.
For the Committee

|SB198 Docket

Next|Prev|Results List|Main|Bill Status

Bill Title: (New Title) establishing a gaming oversight authority, and video lottery gaming.

Date	Body	Description
5/1/2001	S	Introduced and Ref. to Ways & Means; SJ 11, Pg.171
5/7/2001	S	Hearing; May 16, 2001, Room 103, SH, 10:15 a.m.; SC23-A
5/15/2001	S	Hearing; May 16, 2001, === ROOM CHANGE === Representatives Hall, 10:15 a.m.; SC24
6/12/2001	S	Sen. Barnes Suspension of Rules for Report not in Calendar, 2/3 nec., MA, VV; SJ 18, Pg.424
6/12/2001	S	Sen. Gatsas Moved Rereferred to Committee [not voted on]; SJ 18, Pg.525
6/12/2001	S	Sen. O'Hearn Moved Laid on Table, MA, VV; SJ 18, Pg.525
6/26/2001	S	Sen. Gatsas Motion to Remove From Table, MA, VV; SJ 19, Pg.698
6/26/2001	S	Sen. Gatsas Moved Rereferred to Committee, MA, VV; SJ 19, Pg.698
1/17/2002	S	Hearing; January 18, 2002, Room 103, SH, 11:00 a.m.; SC5
1/22/2002	S	Committee Report; Ought to Pass with Amendment, {2228},(New Title), [01/24/02]; SC6, Pg.12-21
1/24/2002	S	Ought to Pass with Amendment, {2228},(New Title),[Not Voted On]; SJ 3, Pg.47-56
1/24/2002	S	Sen. Barnes Moved Laid On Table, MA, VV; SJ 3, Pg.56
2/14/2002	S	Sen. Gatsas Moved Remove From Table, MA, VV; SJ 5, Pg.99
2/14/2002	S	Ought to Pass with Committee Amendment {2228}, RC 11y - 13n, AF; SJ 5, Pg.99
2/14/2002	S	Sen. McCarley Moved Laid On Table, RC 14y - 10 n, MA; SJ 5, Pg.99
2/14/2002	S	Sen. Prescott Moved Remove From Table, MA, VV; SJ 5, Pg.112
2/14/2002	S	Sen. Prescott Moves Reconsideration, MA, VV; SJ 5, Pg.112
2/14/2002	S	Ought to Pass with Amendment {2228},(New Title) RC 13y - 11n, AA; SJ 5, Pg.112
2/14/2002	S	Refer to Finance [Rule 24]; SJ 5, Pg.112
2/15/2002	S	Hearing; February 19, 2002, Room 103, SH, 10:00 a.m.; SC12
2/20/2002	S	Rules Suspension 2/3 nec. Committee Report; Interim Study, [02/20/02]; SJ 6, Pg.141-142
2/20/2002	S	Interim Study RC 8y - 15n, MF; SJ 6, Pg.142
2/20/2002	S	Sen. Below Moved Inexpedient to Legislate, RC 16y - 7n, MA === KILLED ===; SJ 6, Pg.142

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Docket Abbreviations