

SB 83-FN - AS AMENDED BY THE SENATE

03/13/2025 0773s

2025 SESSION

25-0994

02/08

SENATE BILL

83-FN

AN ACT

establishing an elderly, disabled, blind, and deaf property tax exemption reimbursement fund, authorizing video lottery terminals, renaming the lottery commission, and creating a voluntary statewide self-exclusion database.

SPONSORS:

Sen. Lang, Dist 2; Sen. Avard, Dist 12; Sen. Gannon, Dist 23; Sen. Pearl, Dist 17; Rep. Moffett, Merr. 4

COMMITTEE:

Commerce

ANALYSIS

This bill:

I. Establishes an elderly, disabled, blind, and deaf property tax exemption fund to provide reimbursements to municipalities.

II. Authorizes video lottery terminals at facilities licensed to conduct charitable gaming.

III. Creates a statewide self-exclusion list to combat problem gambling.

IV. Renames the state lottery commission to better reflect its statutory obligations.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT establishing an elderly, disabled, blind, and deaf property tax exemption reimbursement fund, authorizing video lottery terminals, renaming the lottery commission, and creating a voluntary statewide self-exclusion database.

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

1 1 State Lottery and Gaming Commission. Amend RSA 284:21-a to read as follows:

2 284:21-a State Lottery **and Gaming** Commission. There shall be and hereby is created a state
3 lottery **and gaming** commission consisting of 3 members who shall be appointed and may be
4 removed for cause by the governor with the advice and consent of the council. One member shall be
5 appointed for one year, one for 2 years and one for 3 years, and upon the expiration of their terms of
6 office their successors shall be appointed for a term of 3 years. Any vacancy shall be filled by
7 appointment for the unexpired term. No member of the commission shall have any pecuniary or
8 other interest in any supplier or agent to the commission or in any licensee licensed under the
9 provisions of this chapter. ***The commission shall be properly addressed as the "New
10 Hampshire lottery and gaming commission" but all statutory and regulatory references to
11 "lottery commission" shall remain valid and shall be used synonymously.***

12 2 Definitions. Amend RSA 287-D:1, XII to read as follows:

13 XII. ***"Video Lottery Terminal" or "VLT" means any device which, upon payment of
14 bills, coins or vouchers, is available to play or operate and may entitle the patron to receive
15 cash, vouchers, or electronic credits redeemable for cash. The results, including options
16 available to the patron, are randomly determined by the device. A device may use spinning
17 reels or video displays or both. This definition does not include any device that sells lottery
18 tickets, pari-mutuel wagers, nor any device which is operated through, utilizes, or is played
19 on or with assistance from the Internet.***

20 XIII. "Wager" means a monetary agreement between 2 or more persons that a sum of money
21 or other valuable thing shall be paid to one of them on the happening or not happening of an
22 uncertain event. Wager may be used synonymously with the term "bet."

23 3 Rulemaking. Amend RSA 287-D:3, XVII to read as follows:

24 XVII. ***The licensing and enforcement of VLT licensees, terminals, and compliance
25 requirements under RSA 287-J.***

26 XVIII. Other matters related to the proper administration of this chapter.

27 4 New Chapter; Video Lottery Terminals. Amend RSA by inserting after chapter 287-I the
28 following new chapter:

VIDEO LOTTERY TERMINALS

287-J:1 Definitions.

For the purposes of this chapter these words shall have the following meaning:

I. "Applicant" means an individual or entity applying for a license under this chapter.

II. "Commission" means the lottery and gaming commission.

III. "Gross video lottery revenue" means the total of all sums actually received by a VLT licensee from operation of video lottery terminals, minus the total of all sums actually paid out as winnings to patrons.

IV. "Facility" means a facility licensed under RSA 287-D for the conduct of charitable gaming.

V. "Video lottery terminal" or "VLT" means any device which, upon payment of bills, coins or vouchers, is available to play or operate and may entitle the patron to receive cash, vouchers, or electronic credits redeemable for cash. The results, including options available to the patron, are randomly determined by the device. A device may use spinning reels or video displays or both. This definition does not include any device that sells lottery tickets, pari-mutuel wagers, nor any device which is operated through, utilizes, or is played on or with assistance from the Internet.

VI. "VLT license" means a license issued in accordance with this section, to offer video lottery terminals to the public.

VII. "VLT licensee" means a game operator employer licensee that has been granted a VLT license under this section.

VIII. "Voucher" means a printed wagering instrument, issued by a video lottery terminal at a facility, that has a fixed dollar wagering value which can only be used to acquire an equivalent value of cashable credits or cash.

287-J:2 Enforcement. The commission, with the assistance of the attorney general and the chief of police of any city or town where licensed facilities are located, shall administer and enforce the provisions of this chapter. To enforce the requirements of this chapter, the commission may exercise all rights of enforcement, including but not limited to its subpoena power, investigation authority, and authority to issue administrative orders and fines, granted to the commission by RSA 287-D.

287-J:3 Rulemaking. The commission shall adopt rules, pursuant to RSA 541-A, relative to:

I. The application procedure for VLT licenses for game operators.

II. Information to be required on VLT license applications for VLT licenses for game operators.

III. The conducting and operation of video lottery terminals.

IV. Accountability controls to ensure game integrity, including, but not limited to, cash, prizes, income, expense and financial reporting, and recordkeeping to be implemented by VLT licensees in addition to requirements set forth in RSA 287-D:22.

V. Investigation and enforcement to ensure compliance with this chapter.

1 VI. Other matters related to the proper administration of this chapter.

2 287-J:4 Eligible Operators.

3 I. To be eligible for a VLT license, the applicant must have been licensed or eligible for
4 licensure to sell pari-mutuel pools on historic horse races under RSA 287-D and under RSA 284:22-b
5 as of the effective date of this chapter. A license shall not be permitted to be transferred or sold.

6 II. Applicants eligible to obtain a VLT license pursuant to paragraph I of this section shall
7 submit to background, financial, and suitability checks pursuant to RSA 287-D:11 and RSA 287-
8 D:12, to ensure the applicant's ability to conduct video lottery terminals in accordance with the
9 provisions of RSA 287-D and this chapter. The applicant for a VLT license shall submit to the
10 commission a criminal history records release form, as provided by the division of state police, which
11 authorizes the division of state police to conduct a criminal history records check through its state
12 records and through the Federal Bureau of Investigation and to release a report of the applicant's
13 criminal history and record information, including confidential criminal history record information,
14 to the commission.

15 287-J:5 Operation of Video Lottery Terminals.

16 I. Prior to use all VLTs must have been tested by an independent testing laboratory and
17 approved by the commission to ensure integrity and proper working order.

18 II. VLTs shall not accept a wager in excess of \$50.

19 III. No VLT shall be operated except within the facility of an eligible VLT licensee during
20 the facility's approved hours of play of charitable games.

21 IV. VLTs shall operate to ensure a minimum average daily aggregate payback of 88 percent
22 computed for all VLTs operated at each facility on a quarterly basis.

23 V. VLTs shall operate pursuant to any other such characteristics as the commission may
24 establish by rule to safeguard the integrity of gaming in New Hampshire.

25 287-J:6 Revenue Share.

26 I. Each VLT licensee shall collect a sum equal to 35 percent of gross video lottery revenue for
27 distribution under paragraph II.

28 II.(a) Each licensee shall distribute 35 percent of the amount collected under paragraph I to
29 charitable organizations with whom the licensee contracts on each licensed game date. Each VLT
30 licensee must contract with 2 licensed charitable organizations for each game date.

31 (b) The remainder of the total amount collected by the licensee under paragraph I shall
32 be paid to the commission and distributed as follows:

33 (1) 25 percent to the special fund established under RSA 284:21-j for use as provided
34 in that section;

35 (2) 25 percent to the elderly-disabled-blind-deaf exemption reimbursement fund
36 established under RSA 72:42-a.

1 (3) 50 percent to fund retirement benefits for group II members of the retirement
2 system under RSA 100-A.

3 287-J:7 Unclaimed Vouchers.

4 I. Vouchers shall remain valid for 180 days from the date printed, after which the obligation
5 of the VLT licensee to pay the patron any value remaining on a voucher expires.

6 II. Before the end of each calendar month, the VLT licensee shall report and remit the total
7 value of vouchers that expired during the preceding calendar month in a format prescribed by the
8 commission.

9 III. Such moneys shall become a part of the special fund established in RSA 284:21-j.

10 5 New Section; Voluntary Statewide Self-Exclusion. Amend RSA 284 by inserting after section
11 6-c the following new section:

12 284:6-d Voluntary Statewide Self-Exclusion.

13 I. To reduce and mitigate the effects of problem gambling, the commission shall establish a
14 centralized voluntary statewide self-exclusion database for all forms of legal gaming throughout New
15 Hampshire, through an agent selected through a competitive bid process and approved by the
16 governor and executive council. The commission shall ensure that an agent demonstrates financial
17 stability, responsibility, good character, honesty, and integrity. In selecting an agent, the
18 commission shall consider, at a minimum, the experience and background of the agent and the
19 ability of the agent to securely and anonymously collect and transmit relevant data among the
20 operators and systems of all forms of regulated gaming in New Hampshire. The commission shall
21 select a group of bidders who best meet the criteria set forth in this paragraph and select from that
22 group the agent whose bid is best suited to accomplish the stated objectives. All agents shall be
23 subject to criminal and financial background checks as prescribed by the commission.

24 II. The commission may adopt rules requiring vendors, agents, and entities licensed or
25 registered under Chapter 284, Chapter 287-D, Chapter 287-H, Chapter 287-I, and Chapter 287-J to
26 participate in any program established in section II, above.

27 III. Notwithstanding RSA 91-A, records and information obtained or developed by the
28 commission or its agent as part of establishing and administering the list of persons who voluntarily
29 request exclusion under paragraph I, above, shall be confidential and shall not be subject to
30 disclosure or to public inspection except that information may be released only with the written
31 consent of the person requesting voluntary exclusion. Statistical data and general information that
32 do not allow for a person on the voluntary exclusion list to be personally identified are not
33 confidential.

34 6 New Section; Elderly-Disabled-Blind-Deaf Exemption Reimbursement Fund Established.
35 Amend RSA 72 by inserting after section 42 the following new section:

36 72:42-a Elderly, Disabled, Blind, and Deaf Exemption Reimbursement Fund established

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1 I. There is hereby established an elderly, disabled, blind, and deaf exemption
2 reimbursement fund ("fund"). The purpose of the fund shall be to reimburse municipalities for
3 revenue not realized due to tax exemptions utilized in their communities under RSAs 72:37, 72:37-b,
4 72:38-b, 72:39-a, and 72:39-b. The fund shall be funded by fees collected pursuant to RSA 287-J:6,
5 II(b)(2).

6 II.(a) Not later than May 1 of every year, the department of revenue administration shall
7 provide to the department of treasury a report of the exemptions under RSAs 72:37, 72:37-b, 72:38-b,
8 72:39-a, and 72:39-b, as reported by municipalities on their summary inventory of valuation (MS-1)
9 for the preceding tax year.

10 (b) Not later than July 31 of every year, the department of revenue administration shall
11 pay to each municipality out of the fund the amount reported pursuant to subparagraph (a), as
12 reimbursement.

13 (c) Notwithstanding subparagraph (b), if the fund does not have sufficient funds to fully
14 pay municipalities as set forth in subparagraph (b), the department of revenue administration shall
15 pay to each municipality a pro-rated amount of its reported exemptions, by applying the ratio of
16 available funds to total claimed exemptions to each municipality's reported exemptions.

17 (d) Not later than October 1 of every year, department of revenue administration shall
18 issue a report of the amounts paid to municipalities under either subparagraph (b) or (c), for use by
19 the department in municipal rate setting. Such report shall be submitted to the president of the
20 senate, the speaker of the house, and the chairs of the house and senate ways and means
21 committees.

22 III. The department of revenue administration is authorized to create rules under RSA 541-
23 a to implement this chapter.

24 7 New Subparagraph; Application of Receipts. Amend RSA 6:12, I(b) by inserting after
25 subparagraph (399) the following new subparagraph:

26 (400) Moneys deposited in the elderly, disabled, blind, and deaf exemption
27 reimbursement fund as established in RSA 72:42-a.

28 8 Effective Date. This act shall take effect July 1, 2025.

SB 83-FN- FISCAL NOTE
AS INTRODUCED

AN ACT establishing an elderly, disabled, blind, and deaf property tax exemption reimbursement fund, authorizing video lottery terminals, renaming the lottery commission, and creating a voluntary statewide self-exclusion database.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

| Estimated State Impact | | | | |
|-------------------------------|---|--|-------------------------|-------------------------|
| | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Revenue | \$0 | Indeterminable Increase | Indeterminable Increase | Indeterminable Increase |
| <i>Revenue Fund(s)</i> | Lottery Fund/Education Trust Fund - Lottery revenue is credited to the lottery fund, with net revenues after expenditures being credited to the state education trust fund.;EDBDER Fund | | | |
| Expenditures* | \$0 | Lottery Commission: \$147,000 in FY 2026, \$301,000 in FY 2027 and \$311,000 in FY 2028/ Indeterminable Increase from EDBDER Fund | | |
| <i>Funding Source(s)</i> | Lottery Fund/Education Trust Fund - Lottery revenue is credited to the lottery fund, with net revenues after expenditures being credited to the state education trust fund.EDBDER Fund | | | |
| Appropriations* | \$0 | \$0 | \$0 | \$0 |
| <i>Funding Source(s)</i> | None | | | |

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

| Estimated Political Subdivision Impact | | | | |
|---|----------------|-------------------------|-------------------------|-------------------------|
| | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| County Revenue | \$0 | \$0 | \$0 | \$0 |
| County Expenditures | \$0 | Indeterminable Decrease | Indeterminable Decrease | Indeterminable Decrease |
| Local Revenue | \$0 | Indeterminable | Indeterminable | Indeterminable |
| Local Expenditures | \$0 | Indeterminable | Indeterminable | Indeterminable |

METHODOLOGY:

The Lottery Commission states this bill renames the Lottery Commission to the State Lottery and Gaming Commission, establishes a centralized statewide self-exclusion list data for all forms of legal gambling in the state, authorizes Video Lottery Terminals (VLT), and directs VLT fees to a newly established elderly, disabled, blind and deaf exemption reimbursement fund (EDBDER Fund) to reimburse municipalities for revenue not realized due to tax exemptions utilized in their communities.

The Commission states the bill limits those who may operate VLTs to game operator licensed under RSA 287-D and RSA 284:22-b as of the effective date of the legislation, and would distribute 40% of total VLT revenue as follows:

- 35% (14% of total revenue) to charitable organizations.
- 65% (26% of total revenue) divided as follows:
 - 25% (6.5% of total revenue) to the lottery for deposit into the special fund established under RSA 284:21-j for use as provided in that section;
 - 25% (6.5% of total revenue) to the elderly-disabled-blind-deaf exemption reimbursement fund established under RSA 72:42-a; and
 - 50% (13% of total revenue) to the Group II retirement system under RSA 100-A.

The Lottery Commission states at the close of FY 2024, there were approximately 1,997 active HHR terminals in New Hampshire, and anticipates this figure will increase to approximately 4,300 terminals in FY 2025 due to several new and expanding facilities which are expected to begin operations by the end of the fiscal year. The Commission assumes the average daily gaming revenue in FY 2025 for HHR will trend upwards to \$230 per machine per day. Considering that VLTs are more popular than HHR and based on VLT revenue in Maine and Massachusetts, the Commission estimates the State’s VLTs will generate \$300 per machine per day. The Commission assumes VLTs will replace HHR and provides a comparison of the State revenue as follows:

| | <u>HHR</u> | <u>VLTs</u> |
|-----------------------|---------------|---------------|
| Number of Terminals | 4,300 | 4,300 |
| Daily Machine Revenue | \$230 | \$300 |
| Days | <u>365</u> | <u>365</u> |
| Gross Revenue | \$360,985,000 | \$470,850,000 |
| <i>State Share %</i> | <u>16.25%</u> | <u>26.00%</u> |
| State Revenue | \$58,660,063 | \$122,421,000 |

As a result, the Commission estimates this bill will increase State revenue by \$63,760,937 annually. Since VLTS are expected to be implemented in phases, the FY 2026 impact would be approximately \$5,313,411, or one-month of the difference (\$63,760,937/12).

The Lottery Commission estimates State VLT revenue would be distributed as follows:

- 25% to Lottery - \$30,605,250
- 25% to EDBDER Fund - \$30,605,250
- 50% to NHRS Group II Retirement - \$61,210,500

The Commission states the bill would also have unclaimed VLT vouchers expire 180 days from the date printed and require the game operators to pay the commission the value of any unclaimed vouchers that expired during the preceding calendar month to the EDBDER Fund. The exact fiscal impact of this provision cannot be determined at this time.

The Lottery Commission states to effectively implement the proposed legislation and oversee gaming operations, an additional Gaming Investigator, Auditor, and Controller will be needed. Assuming a hire date of January 1, 2026 to allow a 3-month training period before game operators are expected to begin replacing HHR terminals on a large scale, the Commission estimates State expenditures would increase by \$147,000 in FY 2026, \$301,000 in FY 2027, and \$311,000 in FY 2028.

The New Hampshire Retirement System (NHRS) states this bill would direct a portion of the State VLT revenue to the NHRS to be distributed to fund retirement benefits for Group II members. NHRS estimated \$100M in Gross VLT revenue would result in \$13M directed towards funding Group II benefits each year, a reduction in unfunded liabilities of \$26M each biennium. This would generate a reduction in employer contribution rates of 0.37% for Police and 0.40% for Fire beginning in FY 2030. For estimating purposes, NHRS states these amounts may be prorated based on the expected revenue. As a result, the Lottery Commission's gross annual revenue estimates of \$470,850,000 would allow the estimated NHRS employer contribution rate reductions to be increased by a factor of 4.71 resulting in an employer contribution rate reduction of 1.54% for Police and 1.88% for Fire members beginning in FY 2030.

The Department of Revenue Administration (DRA) states the proposed sections of this bill relative to the newly established EDBDER Fund would result in an indeterminable increase to the abovementioned funds for revenues received from online gaming and an indeterminable expenditure for reimbursements to municipalities. As local property tax exemptions result in a shift of the local property tax burden, any revenue provided as result of the EDBDER Fund would result in a potential decrease in the local property tax rate. The Department is unable to predict such future expenditures with certainty because it does not know what exemptions may be granted by municipalities in future years. However, by way of estimate, for property tax year 2023 municipalities granted elderly, disabled, blind, and deaf exemptions that removed approximately \$1.24 billion from municipal tax rolls, resulting in approximately \$24 million in needed tax revenues that were redistributed and would have been subject to reimbursement had the proposed legislation been effective in that year. DRA states implementation of the proposed legislation would not result in any costs that could not be absorbed within their ordinary operating budget.

AGENCIES CONTACTED:

Lottery Commission, Department of Revenue Administration, and New Hampshire Retirement System