

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 83-FN, 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.

Hearing Date: February 5, 2025

Members of the Committee Present: Senators Lang, Murphy, Sullivan and Fenton

Members of the Committee Absent : Senator Rosenwald

Bill 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.

Sponsors:

Sen. Lang

Sen. Avard

Sen. Gannon

Sen. Pearl

Rep. Moffett

Who supports the bill: Sen. Lang, Brodie Deshaies (NHMA), Tom DeRose (NH Center for Nonprofits), Alicia Preston (NH Charitable Gaming Operators Assoc.), Amy Erickson, Linda Burnap, Kent Hackmann, Sen. Gannon

Who opposes the bill: Ann Snide, Michaela Janowski

Who is neutral on the bill: Charlie McIntyre (NH Lottery Commission)

Summary of testimony presented:

Sen. Lang

- Sen. Lang explained that this bill came out of gaming commission that looked at gaming as a whole in NH and one thing specific that it looked at was historical horse racing (HHR) and what the future of the industry looks like.

- This bill acknowledges the growth of the industry and the fact that it is becoming significant and renames the Lottery Commission the “State Lottery and Gaming Commission.” He noted that gaming used to have its own commission years ago and then it was merged into the Lottery Commission. Gaming has become a significant function of the Lottery Commission, so it is appropriate to acknowledge that in the name of the commission.
- The bill defines VLT or video lottery terminal, which is a slot machine.
- What we allow currently in the industry is HHR machines, but Sen. Lang said you can’t tell difference between that and a slot machine. He said there is a difference in the operational cost because HHR is parimutuel betting there is a network connectivity component. With slot machine you just bet against machine.
- The study commission commissioned a study with Spectrum Gaming and study said operational cost for HHR machines is between 12-18% more than what slot machines would cost. Slot machines will reduce operational costs and increase revenue for the operator, the charity, and the state.
- This bill would implement the commission’s recommendation, which was to legalize regular slot machines also known as VLTs. It sets a tax rate that he plans to ask the committee to amend. He has tax rates for all of the states that allow slot machines.
- In NH we believe in self-exclusion whereby if you have a problem with gaming you could go to one of our licensed facilities and ask them not to let you bet and they would put your name on a list. The problem with our current law is that if you did that at one facility, you could still go to another facility and be allowed to game as they don’t have that information. Currently our lists our individual to the facility. This bill establishes a voluntary statewide exclusion list so that if you put your name on that list, you will not be able to walk into any facility and game.
- This bill will create net revenue. There are currently about 1,900 HHR machines in the state. When all of our operations open up, it is anticipated that there will be 4,300 slot machines across the state. There will be a significant revenue increase due to new facilities coming online and growth in the industry with existing operators.
- The bill keeps the charities whole. There is a 40% tax rate on gross revenue, which is the revenue after we pay out all prizes. The state takes 40% of that. The charities get 35% of that.
- The state portion goes into 3 buckets. The first bucket is education. The bill establishes a new fund called the elderly, disabled, blind, and deaf exemption reimbursement fund, which is the second buck. The elderly tax credit that municipalities offer does not reduce the amount of money a town has to take, so

that money gets redistributed to other taxpayers to pick up that cost. This establishes a reimbursement fund to reimburse municipalities for that. 25% of the revenue will go to that fund. If there is not enough money in the fund, municipalities would receive a prorated amount. That amount of money that is redistributed to other taxpayers is about \$24 million a year. The third bucket, which is 50% of the revenue share, goes to fix group II retirement. There was some cause for the changes that were made back in 2011, such as abuse of the system. The legislature was aggressive and made drastic changes to Group II retirement that hurt 1700-1800 law enforcement officers who were well on their way in their career.

Sen. Murphy read the language on page 3, line 3 of the bill, which said that in order to be eligible for a VLT license, the applicant must have been eligible for a license to sell pari-mutuel pools on historic horse races as of the effective date of the chapter and asked **Sen. Lang** if that language had the effect of making the current moratorium on HHR permanent.

Sen. Lang said it did not. When the moratorium expires everyone would be eligible.

Sen. Murphy asked him to clarify that if the moratorium expires, anyone after that date could get a VLT license.

Sen. Lang said that was correct.

Sen. Murphy stated that was not how he read that line.

Sen. Lang said the moratorium has a set expiration date.

Sen. Murphy noted that it keeps getting pushed out.

Sen. Lang said this bill doesn't change that expiration date. He reiterated that anyone eligible now for HHR would be eligible for slot machines and that when the moratorium expires, anyone would be eligible.

Charlie McIntyre and Cooley Arroyo - NH Lottery Commission

Sen. Murphy asked him to address his question.

Director McIntyre said they read it as this section would cover the moratorium that exists now and hadn't considered whether at the end of seven years it would be or not. It is not crystal clear that it would be. It says you have to be eligible as of the effective date of this bill. He said the language may need to be cleaned up.

Sen. Murphy stated that he does not want to make 14 license holders extremely wealthy. He said he wanted to be clear that this bill is intended to open a market for as many applicants as wish to apply who otherwise qualify and not just 14 or 16 companies.

Director McIntyre said the language here is gray as to that. The question as to whether the marketplace has 14 or 40 licensees is a policy decision for the legislature, not the Lottery Commission.

Sen. Lang said his understanding of the bill is that after the moratorium expires anyone would be eligible. He asked if that was the way Director McIntyre read this.

Ms. Arroyo said that way she read it, when the moratorium expires the pool of potential applicants would expire as well and the license would become eligible to anyone who qualifies pending all of the other criteria.

Sen. Fenton expressed concern that Director McIntyre referred to the language as a gray area. He said it seems like the bill allows a small number of entities to operate VLTs and could create monopolization or favoritism.

Director McIntyre said as the bill is written now, the pool of applicants is limited. The moratorium of seven years passed the legislature last year. He noted that no legislature can bind a future legislature so that seven years is more of a guideline. The legislature could decide to do away with it. The way it is now, folks who were applicants before the deadline are the only ones who could offer HHR or VLT until moratorium expires.

Alicia Preston - NH Charitable Gaming Operators Association

- Ms. Preston testified in favor of the bill.
- She mentioned that it was a recommendation from the study commission.
- She described it as a natural progression of the industry at this point.
- She said they understand the discussion around increasing the tax from 25% because there are operational costs that do not exist with VLTs that do exist with HHR machines.
- They did their own analysis and think a 30% tax is reasonable. She said they would be happy to provide that data to facilitate an ongoing discussion of what the tax rate should be.
- They support the statewide self-inclusion database as well.