

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 168-FN-LOCAL, regulating online gambling and directing net proceeds to the education trust fund, the general fund, and to reimburse municipalities for elderly, disabled, blind, and deaf tax exemptions.

Hearing Date: February 5, 2025

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

Members of the Committee Absent : None

Bill Analysis: This bill regulates online gambling and directs proceeds to a newly established elderly, disabled, blind, and deaf tax exemption fund for reimbursement to municipalities.

Sponsors:

Sen. Lang

Sen. Innis

Sen. Pearl

Sen. Murphy

Who supports the bill: Sen. Lang, Kathy Corey Fox (FanDuel and Bet MGM), Brodie Deshaies (NHMA), Rebecca London (DraftKings), Sen. Innis, Sen. Murphy

Who opposes the bill: Brianne Doura-Schawell (Campaign for Fairer Gambling), Alicia Preston (NH Charitable Gaming Operators Assoc.), Curtis Howland, Daniel Richardson

Who is neutral on the bill: No one

Summary of testimony presented in support:

Senator Lang

- This bill is about online gaming. New Hampshire prohibits all forms of gaming unless explicitly allowed by law. This bill would authorize online gaming, allowing you to play games such as poker and blackjack from your phone, computer, etc.
- Senator Lang offered amendment 0260s to correct a mistake he made in the revenue structure of the bill. He accidentally cut out the charities from the revenue structure of SB168. This was not his intention.
- This bill is different than last year as he tried to address the concerns raised with last year's bill. This is what is called a tethered bill, meaning the gaming

operator would have to pick their partner, and they'd have a skinned application. The person playing the game on their phone will be treated the same as if they were sitting in the facility. The same tax rate and same revenue shares apply; the only difference is they're able to do it via phone, computer, etc.

- The amendment fixes the charity issue created from the original bill, so Senator Lang asked that when the committee and public refer to the revenue piece, that they refer to the amendment and not the bill how it is currently written.
- The facilities and charities will make more money. Estimated revenue to the state is around \$39 million. The revenue splits are similar to SB83 with 25% going to education and 25% going to the elderly tax credit. If we passed SB83, legalizing video lottery terminals (VLT), the revenue from the VLTs wouldn't be enough to get to 100% of that tax credit liability. With the revenue share from this bill added to that from SB83, we are able to do that. We will be able to make all towns whole on the elderly tax credit as well as ease the burden on property taxpayers in each town
- Senator Lang said the bill currently directs the balance of the money into the general fund.
- NH is having a revenue shortfall. This bill will provide new revenue to education resulting in a bump in their revenue. He explained that he did not want all the money to go to education; he wanted some to go to the general fund because NH signed a new CBA the year prior, so there are pay raises in the budget that need to be paid for, as well as troopers that need to be hired and initiatives regarding recruitment and retention of people over at DOT and all of these things need money. Senator Lang put the money into the general fund for the legislature to decide how they want to spend their money rather than directly into the education trust fund.
- There are some anti-terrorism components, because the bill deals with an application that may be delivered from out of state. This is to be sure there are no bad actors or companies doing illegal things, becoming partners with the State of New Hampshire.

Summary of testimony presented in opposition:

Alicia Preston – Charitable Gaming Operators Association

- Ms. Preston testified in opposition to this bill
- They recognize and appreciate the chairman's efforts to tether online gaming with the physical facilities, but they feel the industry is still growing. The brick-and-mortar locations have invested an enormous amount of money, energy, and infrastructure to exist.

- Tethering them to online gaming will give the physical locations some financial benefit, but it will also reduce street traffic for physical gaming rooms.
- Ms. Preston said if you compare jurisdictions, with the exception of Vegas, that allow both online and physical gaming the biggest casino is the online gaming community. This is a concern.
- Ms. Preston also expressed a food and beverage related concern. If people are online gaming from their phones at home, it means there are less people spending money at restaurants and bars in casino's.
- Online gaming will also reduce foot traffic for special events in gaming centers such as concerts, shows, etc.
- The CGOA thinks this bill is a little premature and won't be beneficial until we see more growth out of charitable gaming in New Hampshire.

Sen. Lang asked if she knew that the American Gaming Association's study from the summer that discussed online gaming reported that there was no cannibalization brick-and-mortar facilities in the states that implemented online gaming.

Ms. Preston said she had seen that study; however, New Hampshire is unique. She said there are currently 12 operating casinos and 14 that are licensed, and an additional five more coming down the road. This is a lot of brick-and-mortar for a small state like NH to support. If gaming is moved to online, she questioned where the people will come from in order to support these businesses. She stated she thinks NH is a little more different than what the study took into account.

Sen. Lang then asked if she thought that this bill would result in more money going to charities.

Ms. Preston stated that she did not know the answer to that. She thought it was good anytime charities benefit as they are the foundation of this entire industry in NH, but it is a balance, and we need to support the industries that have been here as well. There are 1,400 employees in these facilities currently, and if these locations shrink there will be loss of jobs.

Brianne Doura-Schawell – Campaign for Fairer Gambling

- She is an international problem gambling policy expert and advocate testifying on behalf of the national Campaign for Fairer Gambling.
- The message of their organization is to drive all the awareness that they can to the public health issue of problem gambling, doing everything they can to prevent and reduce it.
- Ms. Doura-Schawell read several headlines from markets that currently have legalized online gaming.
- She stated there are an estimated 9 million Americans that currently struggle with a gambling addiction. She said an estimated 25,000 New Hampshire residents have a gambling addiction.

- Ms. Doura-Schawell stated there is an estimated annual 14-billion-dollar social cost to addressing this public health issue.
- Problem gambling carries the highest rate of shame and stigma of all the addictions, resulting in two problems: the average person will suffer more than a decade before reaching out for help, and an individual is fifteen times more likely to die by suicide if they're struggling.
- Psychiatrist Dr. Timothy Fong of UCLA states: mobile gambling is the fast-food gambling. Highly processed gambling, sanitized and synthesized by a computer that is exactly designed to hit the dopamine.
- A recent report out of Connecticut found that 70% of revenues are coming from 7% of the population; 1.8% of them having a gambling problem, and 4.9% of them being at risk. A New Jersey report found that iGaming diverts funding that would have been spent on other sectors, and iGaming is driving upwards of a \$350 million annual social cost in healthcare, welfare, and criminal justice.
- Anytime you introduce a new form of gambling it introduces a new wave of problems.
- This will not be a value add to the community, but a detriment.
- Right now, NH is ranked as one of the worst in the nation regarding commitment to addressing this public health issue, placed at 39th out of 43.
- Problem gambling is not an individual one, it is a family one, a community one, a state one.
- Ms. Doura-Schawell recommends that the committee goes into this policy decision with their eyes wide open as it may result in more harm than good.

Sen. Fenton followed up on the statistic about how low NH places and asked if that relates to the addiction treatments we offer and resources like that in the state.

Ms. Doura-Schawell said that currently the State of NH has committed \$100,000 annually to problem gambling and added that a good policy would include things such as research, prevention, treatment, and aftercare. These things cannot be achieved with a \$100,000 annual budget. Other states that are considering a similar policy will typically embark on a research program ahead of time to understand the social and economic implications. She states she hasn't seen this discussed here today.

Sen. Fenton asked her to clarify if she was stating that a lot of states are doing the research beforehand and allocating far more resources to gambling before they expand.

Ms. Doura-Schawell responded that she did not have the data with her, but she believed the annual per capita contribution was 45 cents and said NH was not trending anywhere near that. Massachusetts commits \$22 million per year to address this public health issue. She isn't stating that it is appropriate for NH, but we don't know because we don't have the research to suggest how bad of an issue this is and what additional gambling would cause.