

SB 168-FN-LOCAL - AS INTRODUCED

2025 SESSION

25-0958

02/05

SENATE BILL

168-FN-LOCAL

AN ACT

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.

SPONSORS:

Sen. Lang, Dist 2; Sen. Innis, Dist 7; Sen. Pearl, Dist 17; Sen. Murphy, Dist 16

COMMITTEE:

Ways and Means

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.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

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

1 1 New Section; Elderly, Disabled, Blind, and Deaf Exemption Reimbursement Fund
2 Established. Amend RSA 72 by inserting after section 42 the following new section:

3 72:42-a Elderly, Disabled, Blind, and Deaf Exemption Reimbursement Fund Established.

4 I. There is hereby established in the state treasury an elderly, disabled, blind, and deaf
5 exemption reimbursement fund. The nonlapsing fund shall be kept separate and distinct and
6 separate from all other funds and shall be continually appropriated to the department of revenue
7 administration for the purposes of this section. The fund shall be used to reimburse municipalities
8 for revenue not realized due to tax exemptions utilized in their communities under RSAs 72:37,
9 72:37-b, 72:38-b, 72:39-a, and 72:39-b. The fund shall be funded by fees collected pursuant to RSA
10 287-J:7.

11 II.(a) Not later than May 1 of every year, the department of revenue administration shall
12 provide to the department of treasury a report of the exemptions under RSA 72:37, 72:37-b, 72:38-b,
13 72:39-a, and 72:39-b, as reported by municipalities on their summary inventory of valuation (MS-1)
14 for the preceding tax year.

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

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

22 (d) Not later than October 1 of every year, the department of revenue administration
23 shall issue a report of the amounts paid to municipalities under either subparagraph (b) or (c), for
24 use by the department in municipal rate setting.

25 III. The department of revenue administration is authorized to create rules under RSA 541-
26 A to implement this section.

27 2 New Subparagraph; Online Gambling. Amend RSA 647:2, V by inserting after subparagraph
28 (f) the following new subparagraph:

29 (g) Gambling done over an Internet connection on a website on the Internet.

1 (d) Any contractor or employee of an entity that conducts online gaming wagering in
2 another jurisdiction when the bettor possesses confidential nonpublic information as a result of his
3 or her contract or employment relating to the wager being placed.

4 (e) Any individual placing a wager as an Internet gaming operator of or proxy for a
5 prohibited online gaming bettor.

6 (f) Any person under the age of 18.

7 287-J:2 Commission. The commission is authorized to approve licenses for online gaming to no
8 more than 6 and no less than 3 online gaming wagering platforms in the state for the purposes of
9 accepting and paying wagers by authorized online gaming bettors within the state or other
10 authorized jurisdiction pursuant to this chapter.

11 287-J:3 Online Gaming Operators. Each online gaming operator must contract with a licensed
12 gaming facility within the state of New Hampshire, via an Internet gaming skin as defined in this
13 chapter, to conduct Internet gaming.

14 287-J:4 Approved Contracts. Any contract between facilities and an Internet gaming operator
15 shall be subject to approval by the commission, and based on the state receiving a percentage of
16 revenue from online gaming activities within the state. All Internet gaming operators shall be
17 subject to criminal and financial background checks as prescribed by the commission.

18 287-J:5 Online Gaming Wagering Authorized; Wagers. With respect to online gaming wagers,
19 gaming facilities, either independently, or through its an online gaming platform, shall provide:

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

22 II. Identity verification through secure online databases or by in-person examination of
23 photo identification at licensed gaming facilities.

24 III. Geographic restrictions to ensure that online gaming wagers must be initiated and
25 received within the geographic borders of the state of New Hampshire, or a permissible jurisdiction,
26 and shall not be intentionally routed outside of the state. The incidental intermediate routing of a
27 mobile online gaming wager shall not determine the location or locations in which such a wager is
28 initiated, received, or otherwise made.

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

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

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

35 287-J:6 Online Gaming Wagering Supervision. The commission shall create a division of online
36 gaming wagering which shall be responsible for ensuring compliance with the requirements of this
37 chapter and any rules adopted by the commission in accordance with the authorities granted under

1 this chapter. In addition, the division, under the direction of the director and commission, shall
2 ensure that the commission's Internet gaming operators comply with the following obligations:

3 I. Each Internet gaming operator engaged in online gaming wagering shall submit a security
4 and internal control report for the division's review and approval prior to conducting any online
5 gaming wagering within the state and every year thereafter. This report shall address all aspects of
6 security and controls including physical security, personnel security, and computer systems security
7 including:

8 (a) Employment background checks and policies.

9 (b) Automated and manual risk management procedures.

10 (c) Procedures for identifying and reporting fraud and suspicious conduct.

11 (d) Any and all monitoring systems utilized by the Internet gaming operators to report
12 and receive information on suspicious betting activities.

13 (e) Systems and procedures to prevent prohibited online gaming bettors from placing
14 wagers.

15 (f) Description of anti-money laundering compliance standards.

16 (g) Descriptions of all integrated third-party systems or components and the security
17 procedures relating to those systems.

18 II. For each wagering computer system used to conduct online gaming wagering, including
19 all mobile online gaming wagering platforms within the state, the Internet gaming operator
20 providing such system shall provide a detailed computer system security report to be approved by
21 the commission prior to the acceptance of wagers and each year thereafter. The report shall address
22 the issues set forth in the security and internal control report along with the following:

23 (a) Documented system security testing performed by a licensed third-party contractor
24 approved by the commission.

25 (b) A description of all software applications that comprise the system.

26 (c) A procedure for third-party auditing of financial transactions received by the system.

27 (d) A description of all types of wagers supported by the system.

28 (e) Unique identification and verification systems for wagers.

29 (f) A list of data recorded relating to each wager.

30 (g) System redundancy to ensure recording of wagers during a system outage.

31 (h) A mechanism to provide read only access to the commission to the back office system
32 for the purposes of reviewing and auditing wagering activities.

33 (i) Integration with an independent control system to ensure integrity of system
34 wagering information.

35 (j) Capabilities for freezing or suspending wagering across the platform.

36 (k) Any other issue identified by the division upon review of the proposed gaming
37 system.

1 III. Each Internet gaming operator engaged in online gaming wagering shall submit rules
2 for each online game for the division's review and approval prior to conducting any online gaming
3 wagering within the state and every year thereafter. These house rules shall include at a minimum:

4 (a) The method for calculation and payment of winning wagers.

5 (b) Treatment of errors.

6 (c) Method of contacting the Internet gaming operators for questions or complaints.

7 (d) The policies and procedures in place for limiting or banning a player from the online
8 gaming wagering platform.

9 (e) The method and location for posting and publishing the rules for each online game.

10 IV. Each Internet gaming operator engaged in online gaming wagering shall submit
11 accounting controls for the division's review and approval prior to conducting any online gaming
12 wagering within the state and every year thereafter. These accounting controls shall include at a
13 minimum:

14 (a) A process for documenting and verifying beginning of day cash balance.

15 (b) The establishment of a segregated account related to New Hampshire online gaming
16 wagering activities.

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

22 VI. Each Internet gaming operator shall maintain a cash reserve available to pay wagers as
23 determined by the commission.

24 VII. Each Internet gaming operator shall not accept any wager on any online game unless it
25 has received approval from the commission to conduct that type of online game.

26 VIII. Wagers made under this section shall be made with:

27 (a) Cash.

28 (b) Cash equivalent.

29 (c) PayPal.

30 (d) Debit card.

31 (e) ACH.

32 (f) Promotional funds.

33 (g) Any other means approved by the executive director.

34 287-J:7 Revenue Share.

35 I. Each licensee under this chapter shall collect a sum equal to 45 percent of gross online
36 gaming revenue for distribution under paragraph II.

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1 II. The total amount collected by the licensee under paragraph I shall be paid to the
2 commission and distributed as follows:

3 (a) Twenty-five percent to the special fund established under RSA 284:21-j for use as
4 provided in that section.

5 (b) Twenty-five percent to the elderly, disabled, blind, and deaf exemption
6 reimbursement fund established pursuant to RSA 72:42-a.

7 (c) Fifty percent to the general fund.

8 287-J:8 Limitations on Online Gaming Wagers. Each Internet gaming operator is prohibited
9 from the following activities:

10 I. Accepting or making payment relating to online gaming wagers made by prohibited online
11 gaming bettors.

12 II. Accepting online gaming wagers from persons who are physically outside of the state of
13 New Hampshire at the time of the online gaming wager.

14 III. Accepting online gaming wagers from persons outside of the state of New Hampshire
15 not in compliance with RSA 287-J:9.

16 287-J:9 Acceptance of Out-of-State Wagers. Notwithstanding any other provision of law to the
17 contrary, wagers may be accepted pursuant to this chapter from persons who are not physically
18 present in the state of New Hampshire if the commission has determined that:

19 I. Accepting the wagers is not inconsistent with federal law or the laws of New Hampshire;
20 or

21 II. The wagering is conducted pursuant to a reciprocal agreement to which the state of New
22 Hampshire is a party that is not inconsistent with federal law.

23 287-J:10 Financial Reports. The commission may seek financial and compliance reports from its
24 Internet gaming operators periodically and may conduct audits of these reports to ensure that the
25 state receives the agreed upon revenue sharing proceeds.

26 287-J:11 Compliance Reviews. The commission shall retain oversight of its Internet gaming
27 operators to ensure that all online gaming wagering activities are conducted in accordance with this
28 chapter and any rules adopted by the commission.

29 287-J:12 Rulemaking. The commission shall adopt rules, pursuant to RSA 541-A, relative to the
30 operation, conduct, location, and oversight of online gaming wagering. The commission may enact
31 emergency rules, pursuant to RSA 541-A:18, which will take effect upon approval.

32 287-J:13 Prohibition on Authorization of Internet Gaming Operators Operating in Terror States
33 and Illegal Markets.

34 I. Prior to the authorization of an Internet gaming operator under this section, the
35 commission shall conduct a comprehensive investigation of the prospective Internet gaming operator
36 to determine whether the Internet gaming operator or any of its affiliates, including entities under
37 common control, is knowingly:

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1 (a) Accepting revenue, directly or indirectly, derived from any jurisdiction sanctioned by
2 the Office of Foreign Assets Control (OFAC) of the United States Treasury; or

3 (b) Accepting or assisting, directly or indirectly, in the acceptance of online wagers or
4 consideration related to online wagering from any country in which such online gaming is prohibited
5 or illegal.

6 II. The commission shall not authorize an Internet gaming operator under this section if the
7 commission determines that the Internet gaming operator or any of its affiliates, including entities
8 under common control, is knowingly:

9 (a) Accepting revenue, directly or indirectly, derived from any jurisdiction sanctioned by
10 the Office of Foreign Assets Control (OFAC) of the United States Treasury Department; or

11 (b) Accepting or assisting, directly or indirectly, in the acceptance of online wagers or
12 other consideration related to online wagering from any country in which such online gaming is
13 prohibited or illegal.

14 III. If at any time during authorization the commission determines that the Internet gaming
15 operator or any of its affiliates, including entities under common control, is knowingly:

16 (a) Accepting revenue, directly or indirectly, derived from any jurisdiction sanctioned by
17 the Office of Foreign Assets Control (OFAC) of the United States Treasury Department; or

18 (b) Accepting or assisting, directly or indirectly, in the acceptance of online wagers or
19 other consideration related to online wagering from any country in which such online gaming is
20 prohibited or illegal, the commission shall impose discipline up to and including revocation of the
21 license held by the Internet gaming operator.

22 4 New Subparagraph; Application of Receipts. Amend RSA 6:12, I(b) by inserting after
23 subparagraph (399) the following new subparagraph:

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

26 5 Effective Date. This act shall take effect January 1, 2026.

SB 168-FN-LOCAL FISCAL NOTE
AS INTRODUCED

AN ACT 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.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	<u>Per Year Increases</u> General Fund - \$22.8M Lottery Fund/ETF - \$2.0M EDBDER Fund - \$11.4M Total - \$36.2M	
<i>Revenue Fund(s)</i>	General Fund and 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.			
Expenditures*	\$0	\$168,000	\$925,000	\$934,000
<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.			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

METHODOLOGY:

The Lottery Commission states this bill regulates online gambling and directs proceeds to an 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 authorizes online gaming as follows:

- Allows each gaming facility licensed under RSA 287-D (games of chance) or RSA 284:22-b (historic horse racing) to contract with an “internet gaming operator” to operate an internet gaming platform via websites or mobile applications.
 - There are currently 12 active licensed gaming facilities, with several new properties going live in the near future.
 - This bill would not restrict any future licensees from also contracting with an internet gaming operator.

- Allows the acceptance of wagers from persons outside the State of New Hampshire conducted pursuant to a reciprocal agreement to which the state is a party and not inconsistent with federal or state law.
- Requires the commission to:
 - Establish a division of online gaming wagering.
 - Approve licenses for 3 to 6 “online gaming wagering platforms”.
 - Approve contracts between licensed gaming facilities and internet gaming operators.
 - Perform background checks on internet gaming operators.
 - Ensure regulatory compliance of internet gaming operators.
- Requires 45% of gross online gaming revenue to be split as follows:
 - 25% (11.25% of total revenue) to Lottery in the special fund established under RSA 284:21-j;
 - 25% (11.25% of total revenue) to the EDBDER fund pursuant to RSA 72:42-a; and
 - 50% (22.5% of total revenue) to the General Fund.

The Commission assumes this bill will be effective January 1, 2026, and it will take six months to complete rulemaking and develop a licensing process, providing for a potential go live of online operators on July 1, 2026. The provisions of this bill regarding acceptance of out-of-state wagers refers to the Multi-State Internet Gaming Agreement (MSIGA), a compact between multiple states that allows for online poker games across state lines. The Commission states online gaming is legal in 7 states, with widely varying results. The top states have very large populations (NJ, PA, MI) and do not make analogous comparisons for New Hampshire. Rhode Island has a similar population to New Hampshire but has a one operator system and therefore is not an analogous comparison to the structure laid out in this bill. West Virginia has a larger population than New Hampshire (by about 31%), but passed online gaming in July 2020 and currently has eight operators. The history of data, and potential for a similar amount of operators (NH max of 6, WV with 8 and a larger population), make it a similar state to model data off of, based on per capita gaming revenue.

The Commission Data states online gaming went live in West Virginia in July 2020, and through four and a half years of operation there has been net online gaming handle of \$16,450,035,259, which resulted in \$596,765,428 in gross gaming revenue (“GGR”).

Annualizing these figures provides yearly averages of:

- Handle - \$3,655,563,391
- GGR - \$132,614,539

- Per capita GGR (based on population of 1,784,787): \$74.30 (rounded)

Assuming go-live in New Hampshire of six internet gaming operators on July 1, 2026, at the same per capita rate as WV, the estimated impact would be as follows:

- New Hampshire population of 1,366,275, assuming \$74.30 per capita revenue, total online gaming revenue of \$101,514,232 per year.
 - 45% of the above gross gaming revenue split as follows (\$45,681,405):
 - 25% to Lottery - \$11,420,351
 - 25% to EDBDER fund - \$11,420,351
 - 50% to General Fund - \$22,840,703

The Commission states current iLottery e-instant revenue would decrease by approximately 20% as a result of this bill, and estimates Lottery revenue would decrease by \$9,435,257, for a net increase to Lottery revenue of \$1,985,094. As a result, annual revenue would increase by \$36,246,148 annually in FY 2027 and beyond.

The Commission states the bill tasks the lottery commission with creating a division of online gaming wagering but does not specifically authorize positions. Assuming this division is merged into another existing division, to effectively implement the proposed legislation and oversee online gaming operations, the Commission will require two accounting positions and a program specialist and associated costs, one-time industry consulting services for rulemaking, ongoing IT support services, and responsible gaming costs. Assuming a hire date of April 1, 2026 (last three months of FY26), the Commission estimates the costs as follows:

	FY 2026	FY 2027	FY 2028
New Position Costs	\$68,000	\$275,000	\$284,000
Industry Consultants	\$100,000	\$0	\$0
IT Support Services	\$0	\$150,000	\$150,000
Responsible Gaming	\$0	\$500,000	\$500,000
Total	\$168,000	\$925,000	\$934,000

The Lottery Commission states the bill could **potentially violate Part II, Article 6-a of the state constitution which directs all lottery revenues to educational purposes.**

The Department of Revenue Administration (DRA) states the proposed sections relative to the newly established EDBDER Fund would result in an indeterminable increase to the above-mentioned funds for revenues received from online gaming and an indeterminable expenditure for reimbursements to municipalities. As local property tax exemptions result in a shift the 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.

AGENCIES CONTACTED:

Lottery Commission and Department of Revenue Administration