

Bill as Introduced

HB 1594-FN-A - AS INTRODUCED

2010 SESSION

10-2304
09/10

HOUSE BILL ***1594-FN-A***

AN ACT repealing the tax on gambling winnings.

SPONSORS: Rep. Bailey, Rock 3; Rep. Renzullo, Hills 27; Rep. Hogan, Hills 25; Rep. Seidel,
Hills 20; Rep. Boyce, Belk 5; Sen. Carson, Dist 14

COMMITTEE: Ways and Means

ANALYSIS

This bill repeals the tax on gambling winnings.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT repealing the tax on gambling winnings.

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

1 1 Repeal. The following are repealed:

2 I. RSA 21-J:13, XIII, relative to rulemaking for collection of taxes on gambling winnings.

3 II. RSA 77:38 – 77:50, relative to taxation of gambling winnings.

4 III. 2009, 144:252, relative to positions established, department of revenue administration.

5 IV. 2009, 144:253, relative to appropriation for funding positions and costs of implementing
6 the tax on gambling winnings.

7 2 New Section; Gambling Winnings Tax Exempt. Amend RSA 284 by inserting after section 21-r
8 the following new section:

9 284:21-rr Winnings Tax Exempt. Notwithstanding any other provisions of law to the contrary a
10 recipient of any money or prize awarded pursuant to the provisions of RSA 284:21-i shall be exempt
11 from any tax imposed thereon, by the state of New Hampshire.

12 3 Effective Date. This act shall take effect upon its passage.

LBAO
10-2304
12/08/09

HB 1594-FN-A - FISCAL NOTE

AN ACT repealing the tax on gambling winnings.

FISCAL IMPACT:

The Department of Revenue and Lottery Commission state this bill will decrease state general fund revenue and expenditures by an indeterminable amount in FY 2010 and each fiscal year thereafter. This bill will have no fiscal impact on county and local revenues or expenditures.

METHODOLOGY:

The Department of Revenue Administration states this bill repeals the tax on gambling winnings upon passage of the bill. The Department determined that state general fund revenue will decrease by \$5.9 million in FY 2010 and \$7.9 million in FY 2011. The Department did not project beyond the current biennium. The Department further states that they can administer this bill within their existing budget. The current budget includes appropriations for implementation and administration of this tax of \$190,000 in FY 2010 and \$90,000 in FY 2011 (contained in Chapter 144:252 & 253, Laws of 2009). The Department states that depending on the date of passage of this bill, some or all of these appropriations may be expended.

The Lottery Commission states that the repeal of the gambling winnings tax on lottery related prizes will decrease state general fund revenue by \$2.5 million (estimated prizes over \$600, \$25 million x 10% tax = \$2.5 million) in FY 2010 and each year thereafter.

The Racing & Charitable Gaming Commission states there is no fiscal impact on their agency.

Speakers

Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 1594-FN-A

BILL TITLE: repealing the tax on gambling winnings.
DATE: 1/19/2010
LOB ROOM: 202 **Time Public Hearing Called to Order:** 11:55 A.M.
Time Adjourned: 12:20 A.M.

(please circle if present)

Committee Members: Reps. Almy, Hatch, Davis, Butynski, Vachon, Shattuck, J. Kelley, Mack, W. Johnson, S. Price, Walsh, Major, Griffin, Lockwood, Boutin, Bettencourt, R. Ober, Sapareto, Ulery and Osgood.

Bill Sponsors: Reps. Bailey, Renzullo, Hogan, Seidel, Boyce, Sen. Carson

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Clinton Bailey, prime sponsor, supports the bill

- Supports bill, in particular because cannot subtract gambling losses from gambling winnings
- Tax in effect because budget is out of whack

Rep. Andy Renzullo, co-sponsor, supports the bill

***James Moodie**, supports the bill

-I'm a legal professional gambler. I find it absurd that anyone should be taxed on more than their earnings. I made \$85,000 but will be taxed on \$1.6 million. I will be forced to leave the state. It is an unforceable tax, even with the W2~~s~~ forms – gamblers will leave the state

Ed Callahan, representing Rockingham Park, supports the bill

-DRA interprets law and withholding at \$600 versus \$5,000 federal withholding. Betting handle is down and Massachusetts gamblers at Rockingham have decreased from 80% of clients to 70% of clients. Believes that the bill was to do away with racetracks and gambling in New Hampshire. Personally knows of 15 gamblers who have ~~the~~ NH and are going elsewhere to gamble.

Respectfully submitted,



Rep. William Butynski,
CLERK OF THE COMMITTEE

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 1594-FN-A

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DATE: 1/19/10

LOB ROOM: 202

Time Public Hearing Called to Order: 11:55 AM

Time Adjourned: 12:20 PM

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Committee Members: Reps. Almy, Hatch, Davis, Butynski, Vachon, Shattuck, J. Kelley, Mack, W. Johnson, S. Price, Walsh, Major, Griffin, Lockwood, Boutin, Bettencourt, R. Ober, Sapareto, Ufery, and Osgood. (K. Wray) (J. Cochran)

Bill Sponsors: Reps. Bailey, Renzullo, Hogan, Seidel, Boyce, Sen. Carson

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

- Rep. Clinton Bailey, Prime Sponsor - Support the bill, particular because cannot subtract gambling losses from gambling winnings; tax in effect because budget is out of whack.
- Rep. Andy Renzullo, Co-Sponsor - Support the bill.
- James Moodie - Support the bill. I'm a legal professional gambler; I find it absurd that anyone should be taxed on more than their earnings. I made \$25,000 but will be taxed on \$1.5 million; I will be forced to lose the state; it is an unenforceable tax, even with the way 20 former gamblers will leave the state.
- Ed Callahan - Support the bill. DRA interprets law + withholding at \$600, or versus \$5,000 federal withholding; Massachusetts letting handle is down, + Massachusetts gamblers at Rockingham have decreased from 80% of clients to 70% of clients. Believe that intent of bill was to do away with racetracks and gambling in NH. Personally know of 15 gamblers who have left NH and are going elsewhere to gamble.

Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 1594

BILL TITLE: repealing the tax on gambling winnings.

DATE: January 26, 2010

LOB ROOM: 202

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Almy

Seconded by Rep. Vachon

Vote: 10-6 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: NO

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. William Butynski, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 1594

BILL TITLE: repealing the tax on gambling winnings.

DATE: 1/26/10

LOB ROOM: 202

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. *Almy*

Seconded by Rep. *Vachon*

Vote: *10 to 6* (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

~~CONSENT CALENDAR VOTE:~~ *Regular Calendar*

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. William Butynski, Clerk

WAYS AND MEANS

Bill #: HB 1594 Title: repealing the tax on gambling winnings

PH Date: 1, 19, 10 Exec Session Date: 1, 26, 10

Motion: ITL by Almy + Vachon Amendment #: —

MEMBER	YEAS	NAYS
Almy, Susan W, Chairman	✓	
Hatch, William A, V Chairman	✓	
Davis, Frank W	✓	
Butynski, William, Clerk	✓	
Vachon, Dennis P	✓	
Shattuck, Gilman	✓	
Kelley, John D	✓	
Mack, Ron J	✓	
Johnson, William G	✓	
Prigg, Susan G		
Walsh, Robert M	✓	
Major, Norman L		✓
Griffin, Mary E <i>Weylert, Keen</i>		✓
Lockwood, Priscilla P		
Bontin, David R		
Bettencourt, David J		✓
Olson, Russell P		
Sapareto, Frank V		✓
Ulery, Jordan G		✓
Osgood, Joe		✓
	<u>10</u>	<u>6</u>

Committee Report

REGULAR CALENDAR

January 28, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Majority of the Committee on WAYS AND MEANS
to which was referred HB1594-FN-A,**

AN ACT repealing the tax on gambling winnings.

**Having considered the same, report the same with the
following Resolution: RESOLVED, That it is
INEXPEDIENT TO LEGISLATE.**

Rep. Susan W Almy

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee: **WAYS AND MEANS**
Bill Number: **HB1594-FN-A**
Title: **repealing the tax on gambling winnings.**
Date: **January 28, 2010**
Consent Calendar: **NO**
Recommendation: **INEXPEDIENT TO LEGISLATE**

STATEMENT OF INTENT

Adjustments to this tax are a complicated issue and will be dealt with during interim study of HB 1460. A repeal bill is not a proper vehicle for that discussion. This tax was passed by the house twice as part of the biennial budget.

Vote 10-6

Rep. Susan W Almy
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

WAYS AND MEANS

HB1594-FN-A, repealing the tax on gambling winnings. **INEXPEDIENT TO LEGISLATE**. Rep. Susan W Almy for the **Majority** of WAYS AND MEANS. Adjustments to this tax are a complicated issue and will be dealt with during interim study of HB 1460. A repeal bill is not a proper vehicle for that discussion. This tax was passed by the house twice as part of the biennial budget. **Vote 10-6.**

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

January 28, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Minority of the Committee on WAYS AND MEANS
to which was referred HB1594-FN-A,**

AN ACT repealing the tax on gambling winnings.

**Having considered the same, and being unable to agree
with the Majority, report with the following
recommendation that the bill be REFERRED FOR
INTERIM STUDY.**

Rep. Norman L Major

FOR THE MINORITY OF THE COMMITTEE

**MINORITY
COMMITTEE REPORT**

Committee: **WAYS AND MEANS**
Bill Number: **HB1594-FN-A**
Title: **repealing the tax on gambling winnings.**
Date: **January 28, 2010**
Consent Calendar: **NO**
Recommendation: **REFER TO COMMITTEE FOR INTERIM STUDY**

STATEMENT OF INTENT

This bill to repeal the 10% tax on gambling earnings should have had further study. Not only did the Ways and Means Committee advise against this tax during the budget process but the tax also had unintended consequences. Why can't a professional gambler write off his considerable losses against his winnings? Will all the gamblers from out-of-state find their winnings taxed twice? Is this a retroactive tax in violation of the constitution? If a person won a large prize in past years, and chose annuity distribution is that annuity payment now subject to a 10% tax? There are too many valid questions in this issue to not see further study.

Rep. Norman L Major
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

WAYS AND MEANS

HB1594-FN-A, repealing the tax on gambling winnings. **REFER TO COMMITTEE FOR INTERIM STUDY.**

Rep. Norman L Major for the **Minority** of WAYS AND MEANS. This bill to repeal the 10% tax on gambling earnings should have had further study. Not only did the Ways and Means Committee advise against this tax during the budget process but the tax also had unintended consequences. Why can't a professional gambler write off his considerable losses against his winnings? Will all the gamblers from out-of-state find their winnings taxed twice? Is this a retroactive tax in violation of the constitution? If a person won a large prize in past years, and chose annuity distribution is that annuity payment now subject to a 10% tax? There are too many valid questions in this issue to not see further study.

Original: House Clerk

Cc: Committee Bill File