

Bill as Introduced

HB 229-FN-A - AS INTRODUCED

2011 SESSION

11-0065

09/04

HOUSE BILL **229-FN-A**

AN ACT repealing the tax on gambling winnings.

SPONSORS: Rep. C. Christensen, Hills 19; Rep. Mirski, Graf 10; Rep. Renzullo, Hills 27;
Rep. Kappler, Rock 2; Rep. Hinch, Hills 19; Sen. White, Dist 9; Sen. Morse,
Dist 22; 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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Eleven

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 The following are repealed: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 2 New Section; Gambling Winnings Tax Exempt. Amend RSA 284 by inserting after section 21-r
- 5 the following new section:
- 6 284:21-rr Winnings Tax Exempt. Notwithstanding any other provisions of law to the contrary, a
- 7 recipient of any money or prize awarded pursuant to the provisions of RSA 284:21-i shall be exempt
- 8 from any tax imposed thereon by the state of New Hampshire.
- 9 3 Applicability. Sections 1 and 2 of this act shall apply for taxable periods ending on or after
- 10 December 31, 2010.
- 11 4 Effective Date. This act shall take effect December 31, 2010.

LBAO
11-0065
01/18/11

HB 229-FN-A - FISCAL NOTE

AN ACT repealing the tax on gambling winnings.

FISCAL IMPACT:

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill as it is awaiting information from the Racing and Charitable Gaming Commission. When completed, the fiscal note will be forwarded to the House Clerk's Office.

Amendments

"NOT ADOPTED"



Rep. C. Christensen, Hills. 19
February 3, 2011
2011-0175h
09/04

Amendment to HB 229-FN-A

1 Amend the bill by replacing all after section 2 with the following:

2

3 3 Applicability. This act shall apply to all gambling winnings received on or after the effective
4 date of this act.

5 4 Effective Date. This act shall take effect upon its passage.

Rep. C. Christensen, Hills. 19
February 24, 2011
2011-0515h
09/01

Amendment to HB 229-FN-A

1 Amend the bill by replacing all after section 2 with the following:

2

3 3 Applicability. This act shall apply to all gambling winnings received on or after the effective
4 date of this act.

5 4 Effective Date. This act shall take effect 14 days after its passage.

Speakers

Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 229-FN

BILL TITLE: repealing the tax on gambling winnings.

DATE: February 8, 2011

LOB ROOM: 202 **Time Public Hearing Called to Order:** 1:37 PM

Time Adjourned: 2:20 PM

(please circle if present)

Committee Members: Reps. Stepanek, Major, Griffin, Hess, Sapareto, Illery, Osgood, Ober, Abram, Azarian, Daugherty, McDonnell, Murphy, Ohm, Sanborn, Shuler, Almy, Hamm, Butynski, Hatch and Cooney

Bill Sponsors: Resp. C. Christensen, Hills 19; Mirski, Graf 10; Renzullo, Hills 27; Kappler, Rock 2; Hinch, Hills 19; Sens. White, Dist 9; Morse, Dist 22; Carson, Dist 14

TESTIMONY

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

***Representative C. Christensen, prime sponsor – supports.** See written testimony. Question – what does the fiscal not'say? Answer: Lose about \$3 million.

***Patricia Ahern, Bedford, NH – supports.** See written testimony. She gambles and told several anecdotal examples of wins/loses when gambling in Connecticut.

***Charles McIntyre, NH Lottery Commission – supports.** See written testimony. He noted that many New Hampshire residents are going to MA to use the lottery. Would be a net gain in lottery revenue if tax were repealed.

Daniel Callaghan, Rockingham Venture Inc. & Yankee Greyhound Racing Inc. – supports. Tax negatively impacts revenue to the state.

***Paul Kelley, NH Racing and Charitable Gaming Commission – supports.** See chart for losses attributable to tax.

George Roberts, Yankee Racing Park – supports.

Edward Callahan, Rockingham Venture Inc. – supports.

Representative Azarian – how much has Rockingham lost? Answer: Several millions depending on the game.

Respectfully submitted,
Representative Russell Ober, Clerk

Russell J. Ober

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 229-FN

BILL TITLE: repealing the tax on gambling winnings.

DATE: 2/8/2011

LOB ROOM: 202

Time Public Hearing Called to Order: 1:37 p.m.

Time Adjourned: 3:20 p.m.

(please circle if present)

Committee Members: Reps. Stepanek, Major, Griffin, Hess, Sapareto, Uley, Osgood, Ober, Abram, Azarian, Daugherty, McDonnell, Murphy, Ohm, Sanborn, Shuler, Almy, Hamm, Butynski, Hatch and Cooney.

Bill Sponsors: Resp. C. Christensen, Hills 19; Mirski, Graf 10; Renzullo, Hills 27; Kappler, Rock 2; Hinch, Hills 19; Sens. White, Dist 9; Morse, Dist 22; Carson, Dist 14

TESTIMONY

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

- Rep Christensen* - prime sponsor -
Ques - Azarian. what does the fiscal note say? Ans - lose about 3M
- Patricia Abram* - self - support to bill - [gambler] told several anecdotal examples of wins/losses when gambling in Connecticut
- Charles McGinty* - N.H. lottery support to bill
Noted that many N.H. residents are going to Mass to use the lottery
Would be a net gain in lottery revenue if tax were repealed.
- Daniel Callaghan - Rochester supports bill
tax negatively impacts revenue to state
- Paul Kelley* - Charitable Gaming Commission
see charts for losses attributable to tax
- George Robert - supports bill - did not speak
- Ed Callahan - Rochester Park
- Ques. Azarian - how much has Rochester lost?
Ans - several millions depending on game

Testimony

Rep. Stephen Stepanek
Chair, Housie Ways and Means Committee
LOB Rm 202
Concord, NH

February 8, 2011

Mr. Chairman and members of the Ways and Means Committee,

I am here today to urge you to pass, as quickly as possible, HB229 which would repeal the Gambling Winnings Tax. The longer this tax is in effect the more our state revenues suffer.

We have all heard that we are losing lottery ticket sales, that business is down at various tracks where betting occurs on simulcasting, and that revenues are down at poker tournaments and other games that support many non-profit organizations.

Indirectly, I can see where meals taxes and business profits tax revenues would be down at places like the simulcast locations. Combined with the increased cigarette tax, you can see that there is less incentive for people from out of state to patronize border businesses that sell lottery tickets.

We often hear about the "multiplier effect" of tourist dollars, that \$1.00 brought in by a tourist has a positive \$4.00 effect on the economy because of responding, payrolls, etc. Unfortunately, I believe there is a similar negative effect when there is a tax in place that appears to only affect one area, but in fact has a negative multiplier.

HB229 has been drafted to be effective December 31, 2010 to coincide with the calendar year. For most individuals who would be paying this tax, the calendar year is their tax year as well. Changing a tax law in the middle of a tax year can lead to some confusion and a need for rules that could take many months to implement, while our state revenues, and those of our businesses, suffer.

Nevertheless, there can be some complications to a retroactive date, such as refunding taxes already withheld from winnings. Therefore, I have an amendment that would make the repeal effective on passage. The amendment also clarifies that if you bought a winning lottery ticket today, but cashed it in after the effective date, there would be no tax. In other words, the tax is applied when you receive winnings, not when you buy a ticket for a future drawing.

Repeal of the gambling winnings tax could have an immediate positive impact for businesses, non-profits, and the state. As noted in a Union Leader editorial

published on February 1st, we should repeal this tax immediately. Please support
HB229 with your positive vote.

Cordially,

A handwritten signature in black ink, appearing to read "Chris Christensen". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Rep. Chris Christensen
Hillsborough Dist. 19
Merrimack, NH

File Copy HB229
Patricia Ahern HB229

February 8, 2011

Good Afternoon and thank you for taking the time to hear me speak.

My name is Patricia Ahern and I live in Bedford, NH. I was born in Manchester and have always lived there or in the surrounding area.

I urge you to take the steps necessary to repeal the tax on gambling winnings.

To say this is a tax on gambling "winnings" is not true. I have been gambling regularly for the last ten years and I have never ended a year on the "win" side. I keep very detailed records of my play in order to make that determination. Usually I travel to CT on average once a month but I also travel on business throughout the country about six times a year and most always we are either staying in a casino or there is one very close by. For myself any time I win a jackpot I will continue to play or play another day and I inevitably lose that money back to the casino and then some. I take full responsibility for my actions and I only tell you this because for me to have to pay a tax on monies I do not have is unconscionable.

I get in my car, fill up my tank and drive two plus hours to a casino, because there is no legalized gambling in NH, but that is testimony for a different hearing and quite frankly I have not decided whether I would support that because I see that drive as a deterrent. In any event, for example, the last time I was there I did not bring much money with me but after ½ hour I hit a \$1,200.00 jackpot, the machine stops and an attendant brings me my money along with a W2-G. Now all of a sudden I owe the state of NH \$120.00. I do not owe the Federal Government any money because I can offset my losses at the end of the year and there will be no income tax on that money. CT will not deduct \$120.00 from my payout because they do not want to incur any handling fees and what responsibility do they have to NH. So after the evening of play, the stay in the hotel and driving home to NH the next day with no money in my pocket I now have to worry about how to pay my "live free or die" state \$120.00. My state that prides itself on no income tax and no sales tax!

I can understand trying to come up some creative means to balance the budget in this economy. But this is trying to balance the budget on the backs of a few and the few who probably can least afford it. When I discuss this with residents of our state many are not even aware of this tax and most cannot even understand how it can be legal to not let you offset losses. At the very least if you have to have a tax on "winnings" make it a true tax on "winnings" and let me offset my losses.

Thank you and again please repeal this tax that is so unjust.

Patricia Ahern 2 Beaudoin St Bedford, NH

File Copy

H.B. 229



Over \$1 billion to education

GOVERNOR John H. Lynch
CHAIRMAN Debra M. Douglas
COMMISSIONER Paul J. Holloway
EXECUTIVE DIRECTOR Charles R. McIntyre

February 1, 2011

Representative Stephen Stepanek
Chairman, House Ways and Means Committee
(In Hand)

Dear Chairman Stepanek,

Enclosed find some data that your committee requested from the Lottery Commission, related to the impact of the 10% gambling tax. The data includes: sales of instant tickets by county, with selected town and cities included; sales increase and decreases from bordering states, showing that NH was the only Lottery to suffer a decreasing profit from FY 2009; and a chart showing that NH was the only state to increase the ticket purchases by her citizens, in the Massachusetts Lottery, from Fiscal Year 2009 to 2010.

If I can be of any further assistance in this regard, please do not hesitate to contact me.

Sincerely,

Charles R. McIntyre
Executive Director

CRM/



Live Free or Die
New Hampshire Lottery Commission 14 Integra Drive Concord, New Hampshire 03301
TEL 603.271.3391 FAX 603.271.1160 TDD 1.800.735.2964 www.nhlottery.com

NH Racing and Charitable Gaming Commission
 Comparative Gaming Data
 FY 2010 and FY 2009
 February 8, 2011

File Copy NB229
 HB229

Bingo Lucky 7:	FY 2010	FY 2009	Inc (Dec)	% Change	Comments
Lucky 7 Ticket Sales	64,030,731	66,740,417	(2,709,686)	-4%	
Net Lucky 7 Revenue to Charities	11,370,879	11,788,656	(417,777)	-4%	
Bingo Sales	20,019,024	20,453,805	(434,781)	-2%	
Bingo Profit (loss)	(1,977,651)	(1,833,435)	144,216	8%	
Net Charity Revenue	9,393,228	9,955,221	(561,993)	-6%	
Number of Participants	637,770	856,198	(218,428)	-26%	
Games of Chance:					
Total Handle	32,889,615	39,068,109	(6,178,494)	-16%	
Charity Revenue	4,354,900	4,823,803	(468,903)	-10%	
State Revenue	1,452,482	1,622,888	(170,406)	-11%	
Number of Participants	N/A	N/A	N/A		RCGC does not track attendance for GOC
Racing:					
Simulcast Handle	102,625,342	139,781,757	(37,156,415)	-27%	
Live Harness Racing	913,786	1,209,343	(295,557)	-24%	
Track Revenue - Live Racing	208,694	274,003	(65,309)	-24%	
Track Revenue - Simulcast	20,677,758	28,049,586	(7,371,828)	-26%	
State Revenue - Live Racing	10,474	13,939	(3,465)	-25%	
State Revenue - Simulcast	1,489,887	1,953,255	(463,368)	-24%	
Unclaimed Tickets Revenue	528,833	514,543	14,290	3%	UC ticket money is more in FY 10 because Hinsdale ticket revenue (Approx. \$82K) for FY 09 was not received until FY 10. If money was accounted for in the proper period UC ticket would have declined \$150K in FY 10 from FY 09.

New Hampshire State Representative
Vice Chair Resources, Recreation, & Development Committee
L. Mike Kappler

February 8, 2011

Dear Committee Chairman and Committee members,

I agreed to sign on as a Co-sponsor to HB-229 as it would help our small businesses that sell lottery tickets. Many, especially those that border our state line, have seen a loss in sales from this taxation.

I also believe that this bill is in the best interest of any non-profit groups that derive revenue from bingo, poker tournaments, and etc.

I believe that the effective date of the bill should be amended to make it "effective upon passage". I do not believe we should have a retroactive effective date on any legislation.

To remove any doubt, I would also agree to have the bill amended to specify that winnings collected after the effective date of the bill would be non-taxable, even if the ticket was purchased prior to the effective date.

I ask that you support HB-229, amending it as needed, and vote to recommend "ought to pass" to the House floor.

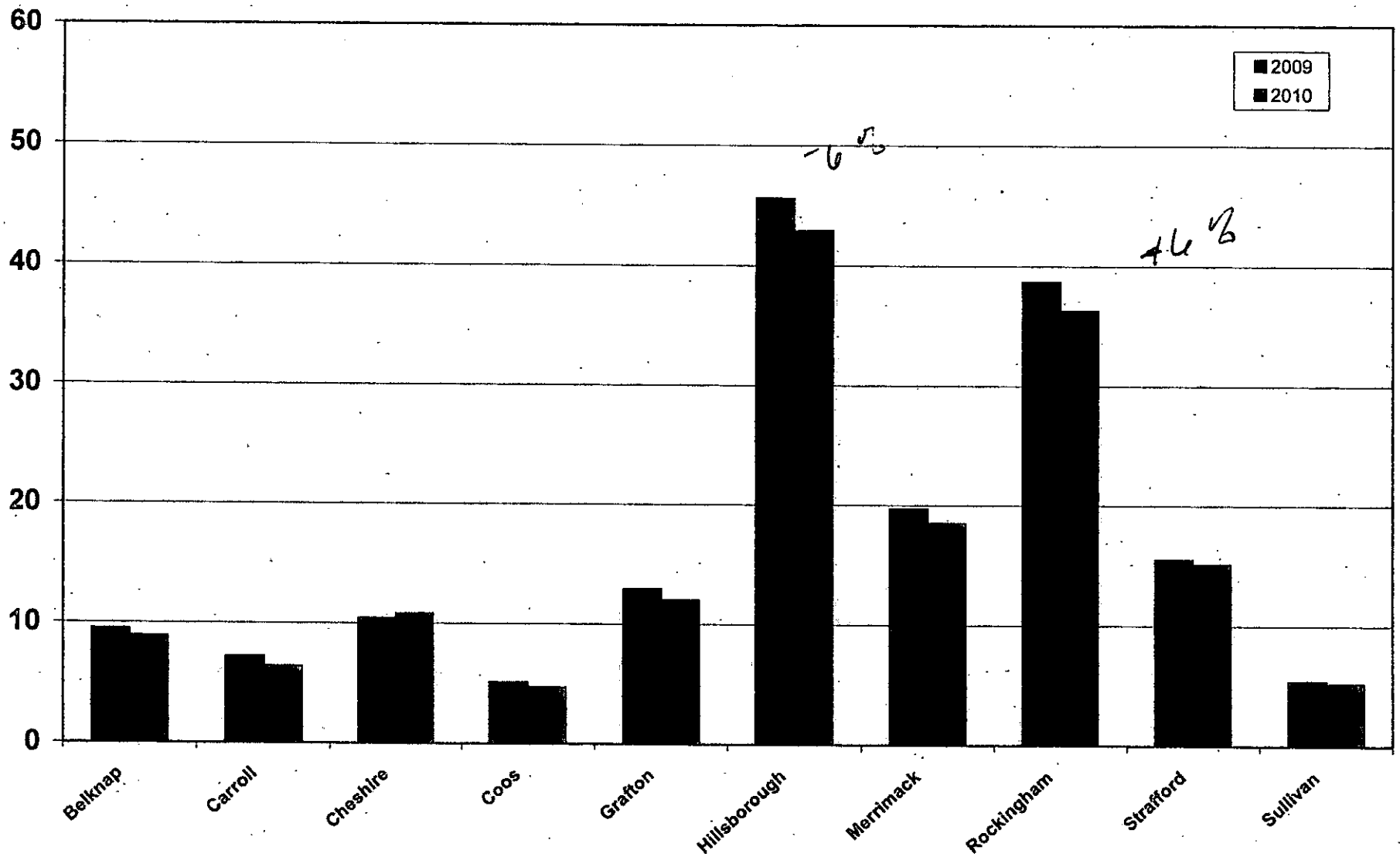
Thank you.


L. Mike Kappler

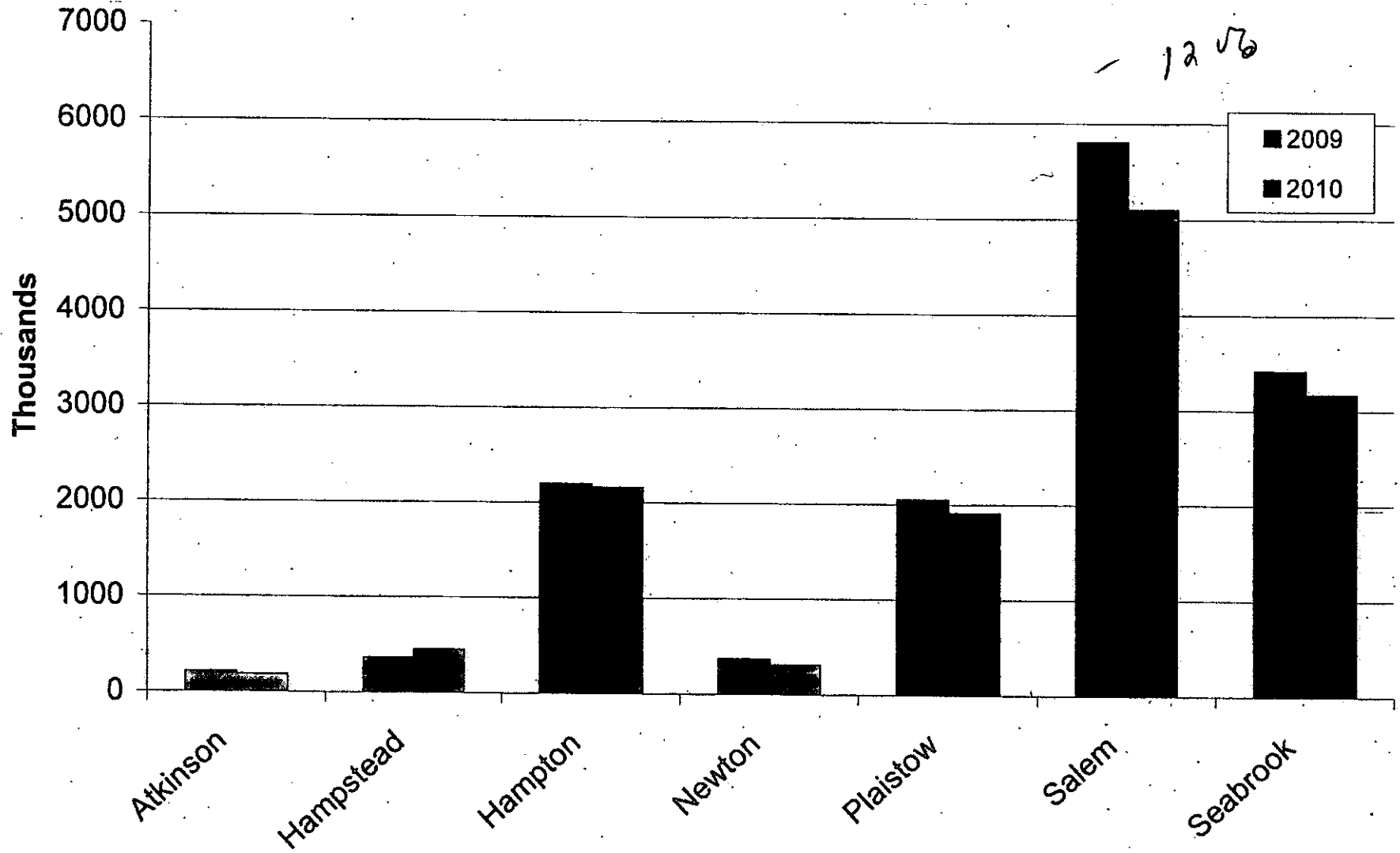
File Copy 11/18/2009

Instant Sales by County

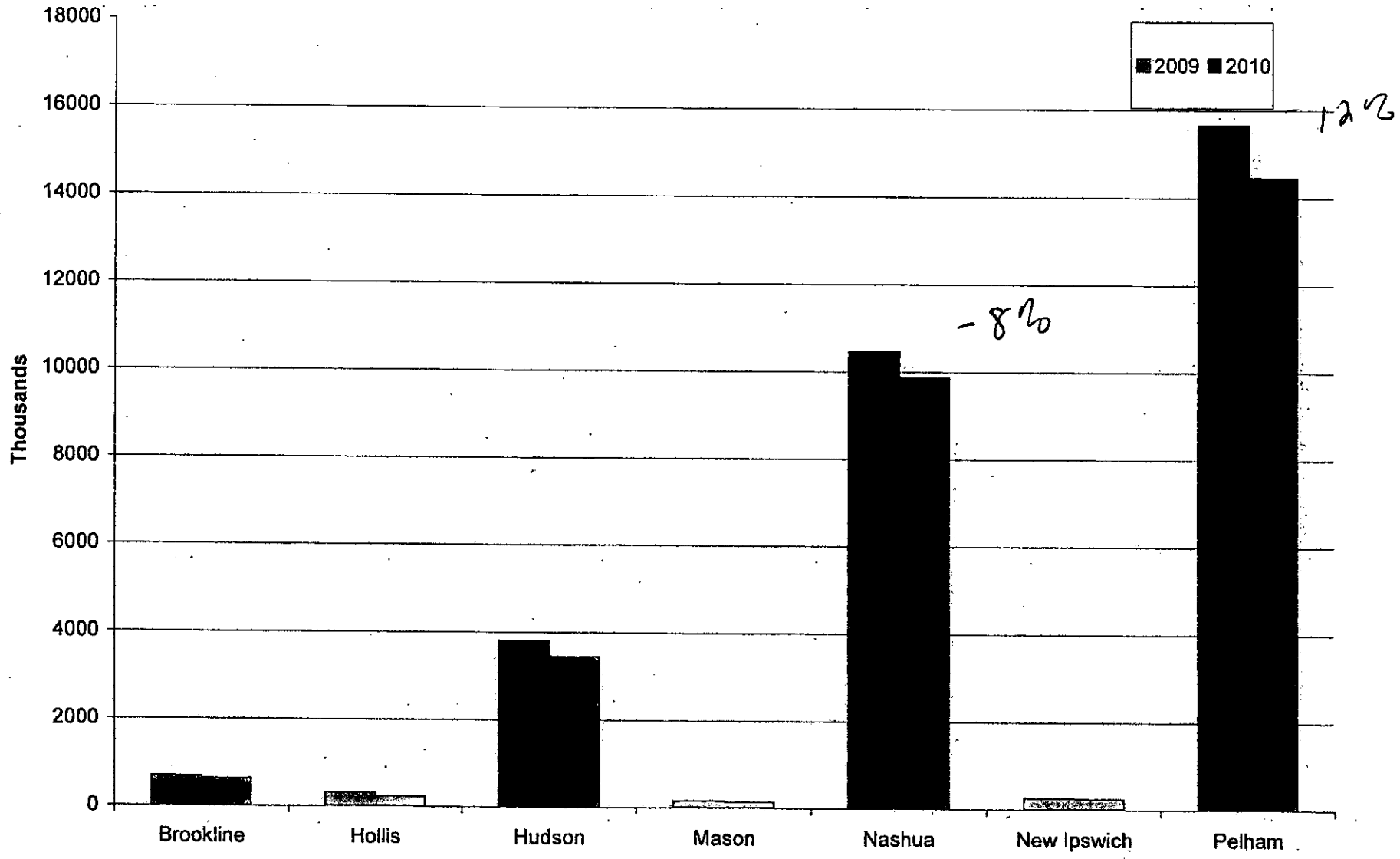
Millions



Instant Sales Sample Towns Rockingham County



Instant Sales Sample Towns Hillsborough County



Instant Sales 2009 vs 2010 by County

County	2009	2010
Belknap	9.5	8.9
Carroll	7.2	6.4
Cheshire	10.4	10.8
Coos	5.1	4.7
Grafton	12.9	12
Hillsborough	45.6	42.9
Merrimack	19.7	18.5
Rockingham	38.7	36.3
Strafford	15.5	15.1
Sullivan	5.4	5.2

Sales Increase/Decrease from Fiscal year 2009 to 2010

<u>State</u>	<u>Gross Sales (%)</u>	<u>Profit (%)</u>
NH	-2.52%	-3.04%
ME	3.02%	4.76%
MA	-0.43%	5.13%
VT	1.56%	3.29%

New England States' Cashing in Massachusetts Lottery Tickets

<u>State</u>	<u>FY09</u>	<u>FY10</u>	<u>%Up/(Down)</u>	<u>%Total09</u>	<u>%Total10</u>
CT	1,432,523	1,013,632	(41.3) %	0.47%	0.31%
MA	281,740,536	302,160,431	7.24%	93.9%	93.8%
ME	209,168	191,813	(9.4) %	0.07%	0.06%
NH	5,863,092	7,269,594	23.98%	1.96%	2.25%
RI	4,037,871	3,950,791	(2.2) %	1.35%	1.22%
VT	224,848	183,069	(22.4) %	0.07%	0.06%

Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 229-FN

BILL TITLE: repealing the tax on gambling winnings.

DATE: February 24, 2011

LOB ROOM: 202

Amendments:

Sponsor: Rep. C. Christensen OLS Document #: 2011 0515h

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

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

Moved by Rep. Ohm

Seconded by Rep. Azarian

Vote: 19-0 HAND COUNT (Please attach record of roll call vote.)

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

Moved by Rep. Abrami

Seconded by Rep. Azarian

Vote: 19-0 (Please attach record of roll call vote.)

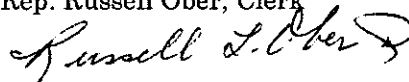
CONSENT CALENDAR VOTE:

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

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Russell Ober, Clerk



HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 229-FN

BILL TITLE: repealing the tax on gambling winnings.

DATE: 9/28/11

LOB ROOM: 202

Amendments:

Sponsor: Rep. C Christensen

OLS Document #: ~~2011-0178-H~~

Sponsor: Rep.

OLS Document #: 2011-0515-H

Sponsor: Rep.

OLS Document #:

OTW

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

Moved by Rep. Ohm

Seconded by Rep. Azarian

Vote: 19-0 (Please attach record of roll call vote.) hand count

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

Moved by Rep. Abaroni

Seconded by Rep. Azarian

Vote: 19-0 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

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

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Russell Ober, Clerk

Committee Report

REGULAR CALENDAR

March 16, 2011

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on WAYS AND MEANS to which was referred HB229-FN-A,

AN ACT repealing the tax on gambling winnings.

Having considered the same, report the same with the following amendment, and the recommendation that the bill OUGHT TO PASS WITH AMENDMENT.

Rep. Patrick F Abrami

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	WAYS AND MEANS
Bill Number:	HB229-FN-A
Title:	repealing the tax on gambling winnings.
Date:	February 24, 2011
Consent Calendar:	NO
Recommendation:	OUGHT TO PASS WITH AMENDMENT

STATEMENT OF INTENT

This bill will repeal the tax on gambling winnings. The committee was unanimous in its belief that the gambling tax has done harm to our lottery sales as well as our various racing enterprises and thus revenue. The evidence shows that the revenue gain from the increased lottery sales and race betting will more than off-set the lost revenue from the gambling tax. Both the Lottery Commission and the Racing and Charitable Gaming Commission supported this bill. The bill was amended to go into effect 14 days after its enactment, instead of upon enactment, thus providing the various agencies the time needed to modify the pertinent software code.

Vote 19-0.

Rep. Patrick F Abrami
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

WAYS AND MEANS

HB229-FN-A, repealing the tax on gambling winnings. **OUGHT TO PASS WITH AMENDMENT.** Rep. Patrick F Abrami for WAYS AND MEANS. This bill will repeal the tax on gambling winnings. The committee was unanimous in its belief that the gambling tax has done harm to our lottery sales as well as our various racing enterprises and thus revenue. The evidence shows that the revenue gain from the increased lottery sales and race betting will more than off-set the lost revenue from the gambling tax. Both the Lottery Commission and the Racing and Charitable Gaming Commission supported this bill. The bill was amended to go into effect 14 days after its enactment, instead of upon enactment, thus providing the various agencies the time needed to modify the pertinent software code. **Vote 19-0.**

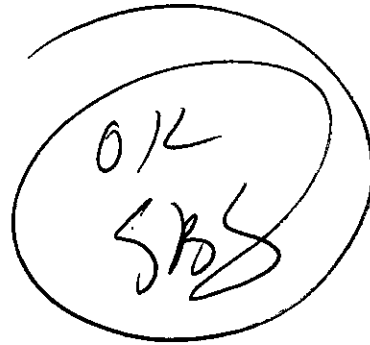
Original: House Clerk
Cc: Committee Bill File

This bill will repeal the tax on gambling winnings. The committee was unanimous in its belief that the gambling tax has done harm to our lottery sales as well as our various racing enterprises and thus revenue. The evidence shows that the revenue gain from the increased lottery sales and race betting will more than off-set the lost revenue from the gambling tax. Both the Lottery Commission and the Racing and Charitable Gaming Commission supported this bill. The bill was amended to go into effect 14 days after its enactment, instead of upon enactment, thus providing the various agencies the time needed to modify the pertinent software code.

OK
SAB

HB 229-FN-A

Rep. Patrick F Abrami for Ways and Means: This bill will repeal the tax on gambling winnings. The committee was unanimous in its belief that the gambling tax has done harm to our lottery sales as well as our various racing enterprises and thus revenue. The evidence shows that the revenue gain from the increased lottery sales and race betting will more than off-set the lost revenue from the gambling tax. Both the Lottery Commission and the Racing and Charitable Gaming Commission supported this bill. The bill was amended to go into effect 14 days after its enactment, instead of upon enactment, thus providing the various agencies the time needed to modify the pertinent software code.



OK
SRS

