

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 242-FN-A-LOCAL, relative to video lottery and table gaming.

Hearing Date: February 8, 2017

Members of the Committee Present: Senators Sanborn, Giuda, Daniels, D'Allesandro and Feltes

Members of the Committee Absent : None

Bill Analysis: This bill:

I. Allows for the selection and operation of 2 casinos in New Hampshire, including the operation of video slot machines and table games.

II. Establishes the gaming enforcement unit in the division of state police.

III. Distributes proceeds from gross slot machine income and gross table game income to reimburse the gaming regulatory oversight authority for certain expenses and to pay for the operation of the gaming commission.

IV. Distributes a percentage of proceeds from gross slot machine revenue and gross table game revenue to the host community, those communities abutting the host community, the host county, and the department of health and human services to support addiction programs in cities and towns under the revenue sharing agreement, and the gaming regulatory fund.

V. Lifts the suspension on revenue sharing with cities and towns under RSA 31-A.

VI. Prohibits the use of electronic benefit transfer cards (EBTs) at establishments licensed by the gaming commission.

VII. Establishes the gaming regulatory fund.

Sponsors:

Sen. D'Allesandro

Sen. Gannon

Sen. Soucy

Sen. Lasky

Rep. P. Long

Rep. D. Sullivan

Rep. Leishman

Rep. O'Brien

Who supports the bill: Sen. Gannon, Sen. Lasky, Sen. Soucy, Rep. Horrigan, Mike McLaughlin (WNEHHA)

Who opposes the bill: Will Anderson, AG Joe Foster, Harold Janeway, Alice Chamberlain, Rep. Lambert

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

Summary of testimony presented in support:

Sen. D'Allesandro said he has been doing this for 18 years. The legislature is asked repeatedly to find revenue generators for the state and that's why he has introduced this bill.

- The bill calls for two casinos: one category one license and one category two license.
- The category one license costs \$80 million and establishes the ability to operate table games and slot machines.
- The category two license costs \$40 million and also establishes the ability to operate table games and slot machines.
- The bill distributes gross proceeds to variety of sources.
- It lifts the suspension on revenue sharing with cities and towns.
- Eliminates use of EBT cards at establishments licensed by the gaming commission.
- Genesis of gaming in NH goes back over 100 years when Rockingham Park first introduced horse racing. It used to be 7% of the state's income and was a component of the state's operating budget at one time.
- We have charitable gaming in NH now in the vicinity of \$100 – 200 million annually.
- There are casinos in NH with table games with high pots. That activity is taking place in NH as we speak but NH doesn't get the revenue from it that it should.
- The bill holds the charities harmless. They will continue to get the money they have been receiving based on their financial statements in this calendar year.
- The legislature has suspended revenue sharing for 3 biennia.
- The bill creates an open bidding process, which is handled by the lottery commission.
- Applicants have to pay a nonrefundable fee to bid.
- He knows of 7 or 8 companies that would bid on licenses in NH. We are an attractive state for a gaming site.
- The bill creates an enforcement process in the division of state police.
- Rulemaking is established with the Lottery Commission as is a central computer system.
- A vote at the local level to approve this is required.
- Application requirements: \$400,000 fee for category one with a \$100,000 investigative fee. There is a review process that the lottery commission will do. The bill calls for a minimum capital investment of \$450 million excluding the land.
- Category two calls for a \$125 million capital investment.
- The investments must be made within 5 years of the issuing of a license.
- Prohibits free alcohol from being served.
- Distribution of revenues: 35% tax on net machine income. 18% on table games. 3% to host community. 1% to abutters. 1% to county. 1% to HHS for problem gaming. Up to \$25 million for revenue sharing. Remainder is deposited in regulatory fund.
- 19 years ago he first proposed this bill. Since that time, NH has given up over a billion dollars in revenue and reduced revenue to local communities. While NH hasn't been doing anything, surrounding states now have gaming entities. They advertise on our TV stations and we send buses of NH residents to those other states to gamble. It is time for NH to do something. No state that has done this has crumbled.
- This is an option. He doesn't gamble. People should have the right to do what they want with

their income. If they want to do this, we should make it in the best possible environment with protections.

- This is a responsible bill that has been vetted many times. It has passed in the senate and lost in the house by one vote.
- Revenue from this bill will enhance the kinds of things we want to do in NH.

Sen. Lasky

- Has been an advocate of this for many years.
- In the almost 20 years she's been running for office, the 2 recurring themes are rail and "why don't we have gaming?"
- Her district is diverse and the majority says it helps our revenue situation.
- We should support gaming in a responsible way.
- Believes we can do this successfully in NH.

Summary of testimony presented in opposition:

Harold Janeway

- The development of video lottery has changed the nature of gaming. The combination of electronics and technology has enabled the industry to create an addictive product.
- Horse racing and video lottery are totally different.
- Other games aren't as addictive as the video lottery games.
- Leary of revenue estimates. The business has changed and casinos have run into trouble in other states.
- No turning back if you start down this route.
- To build into the legislation a promise of where the revenues go takes a way responsibility of legislature.
- Revenue sharing should be addressed separately, not built into this bill.

Alice Chamberlain – opposed – Casino Free NH Group.

- Appreciates the promise of new a revenue source and that the bill tries to address a long list of issues created by brining expanded gaming to NH.
- Thinks it's unreliable, unpredictable and unsustainable.
- Work of Rockefeller Institute of Govt. on state revenues from gambling shows weakening of growth due to market saturation.
- Only a short term solution to state budget gaps.
- This will have long term consequences for NH.
- This is a solution based on people losing money.
- Leads to crime and weakens communities. Hurts property values.

Rep. Lambert – opposed. The bill doesn't allow anyone who qualifies for a license to have one. State government is picking winners and losers.

Neutral Information Presented:**Charlie McIntyre – Lottery commission**

- He wrote the fiscal note using number of variables including northeastern casinos from high population density marketplaces which were near other casino locations. Every one of them had higher win per day than the estimates in the fiscal note.
- The value of the Boston license is over \$2 billion. The appetite still exists for these licenses.

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Date Hearing Report completed: February 10, 2017