

HB 485-FN-A – AS AMENDED BY THE HOUSE

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HOUSE BILL ***485-FN-A***

AN ACT establishing keno.

SPONSORS: Rep. Keith Murphy, Hills 7; Rep. Kelleigh Murphy, Hills 7; Rep. Infantine,
 Hills 13

COMMITTEE: Ways and Means

AMENDED ANALYSIS

This bill:

- I. Allows the operation and playing of keno games.
- II. Provides for licensing of keno game operators by the lottery commission.
- III. Directs revenues from keno to the department of health and human services to address problem gamblers and to the education trust fund.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears [~~in brackets and struck through~~].
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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1 IV. Applicants for commercial premises keno licenses shall be submitted at least 30 days
2 before the first game date.

3 V. The applicant shall certify under oath that:

4 (a) The information provided on the application is accurate.

5 (b) Neither the applicant nor any employee will operate keno games if such person has
6 been convicted of a felony within the previous 10 years which has not been annulled by a court, or a
7 misdemeanor involving falsehood or dishonesty within the previous 5 years which has not been
8 annulled by a court, or has violated the statutes or rules governing charitable gaming.

9 (c) The applicant and any employee who will be participating in the operation of the
10 keno games is aware of all statutes and rules applicable to the operation of keno games.

11 VI. To be eligible for licensure under this subdivision an applicant shall:

12 (a) Document that it is a liquor license holder under RSA 178:10-a, RSA 178:18,
13 RSA 178:19, or RSA 178:20, and that the keno games will only be operated in towns and cities that
14 have voted to allow the operation of keno games pursuant to RSA 284:50.

15 (b) Maintain a current list of employees.

16 284:46 Operation of Keno Games.

17 I. A licensee may operate keno games at his or her business between the hours of 11 a.m.
18 and 11 p.m.

19 II. A licensee may retain 8 percent of the proceeds from keno games. Of the remaining 92
20 percent:

21 (a) One percent shall be paid to the department of health and human services to support
22 research, prevention, intervention, and treatment services for problem gamblers.

23 (b) The remainder, less the administrative costs of the lottery commission and prize
24 payouts, shall be deposited in the education trust fund established under RSA 198:39.

25 III. No person who has been convicted of a felony or class A misdemeanor within the
26 previous 10 years which has not been annulled by a court, or a class B misdemeanor within the past
27 5 years which has not been annulled by a court, or who has violated any of the statutes or rules
28 governing charitable gambling in the past in this or any other state shall operate a keno game
29 licensed under this subdivision, or rent, lease, sublease, or otherwise provide any hall or keno
30 paraphernalia for the conduct of keno licensed under this subdivision.

31 284:47 Financial Reports and Inspection Required.

32 I. Any person or organization which has been licensed to conduct keno games shall submit a
33 complete financial report to the commission for each license issued under RSA 284:45 within 15 days
34 after the expiration of each license, provided, however, a complete monthly financial report shall be
35 submitted in a timely fashion to the commission for each month covered by a license issued under
36 RSA 284:45 on a form to be approved by the lottery commission.

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1 II. All licensees shall maintain a separate checking account for the deposit and
2 disbursement of all income relating to keno, except cash prizes awarded at the games. All expenses
3 shall be paid by check, and all prizes of \$500 or more shall be paid by check. No keno funds shall be
4 commingled with other funds of the licensee. The licensee shall retain all cancelled checks for the
5 payment of expenses and prizes for at least 2 years from the date of the check. The licensee shall not
6 cash checks which it issues.

7 III. All financial reports filed by the licensee shall be maintained by the commission for a
8 period of one year from the date of filing and shall be open to public inspection.

9 IV. All financial records pertaining to the operation of keno games shall be maintained by
10 the licensee and shall be made available to representatives of the lottery commission or of the
11 commissioner of the department of safety upon request.

12 V. A licensee which has been licensed to conduct keno games shall maintain complete and
13 accurate documentation of all revenues and expenses contained in the financial reports for at least 2
14 years from the date the financial report is filed.

15 284:48 Suspension; Revocation. The commission may suspend or revoke the license of any
16 licensee who violates any provision of this subdivision. Any licensee whose license is revoked shall
17 not be eligible for licensure for a period of up to one year from the date of revocation.

18 284:49 Rehearing and Appeal. Any person aggrieved by a decision of the commission to deny or
19 revoke a keno license may apply to the commission for a rehearing within 15 business days of the
20 decision. Rehearings and appeals shall be governed by RSA 541.

21 284:50 Local Option.

22 I. Any town or city may allow the operation of keno games according to the provisions of this
23 subdivision, in the following manner:

24 (a) In a town, the question shall be placed on the warrant of a special or annual town
25 meeting under the procedures set out in RSA 39:3, and shall be voted on a ballot; provided, however,
26 if the question is placed on the warrant at a special town meeting, it shall be the only question at
27 such special town meeting. In a city, the legislative body may vote to place the question on the
28 official ballot for any regular municipal election, or, in the alternative, shall place the question on the
29 official ballot for any regular municipal election upon submission to the legislative body of a petition
30 signed by 5 percent of the registered voters.

31 (b) The selectmen, aldermen, or city council shall hold a public hearing on the question
32 at least 15 days but not more than 30 days before the question is to be voted on. Notice of the
33 hearing shall be posted in at least 2 public places in the municipality and published in a newspaper
34 of general circulation at least 7 days before the hearing.

35 (c) The wording of the question shall be substantially as follows: "Shall we allow the
36 operation of keno games within the town or city?"

37 II. If a majority of those voting on the question vote "Yes," keno games may be operated

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1 within the town or city.

2 III. If the question is not approved, the question may later be voted upon according to the
3 provisions of paragraph I, provided, however, that the town may consider the question at no more
4 than one special town meeting and the annual town meeting in the same calendar year.

5 4 Application of Receipts; Education Trust Fund. Amend RSA 6:12, I(b)(65) to read as follows:

6 (65) Money received under RSA 77-A, RSA 77-E, RSA 78, RSA 78-A, RSA 78-B,
7 RSA 83-F, ***RSA 284:46*** and from the sweepstakes fund, which shall be credited to the education
8 trust fund under RSA 198:39.

9 5 Effective Date. This act shall take effect January 1, 2014.

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HB 485-FN-A FISCAL NOTE

AN ACT establishing keno.

FISCAL IMPACT:

The Lottery Commission, Department of Health and Human Services, and New Hampshire Municipal Association, state this bill, as amended by the House (Amendments #2013-2393h, #2014-0153h, and #2014-0227h), may increase state revenues, and state and local expenditures by an indeterminable amount in FY 2015 and each year thereafter. There will be no impact on county and local revenues, or county expenditures.

METHODOLOGY:

The Lottery Commission states this bill allows for the operation and playing of keno games in the state of New Hampshire, subject to local approval. Under the bill, the Commission would be responsible for administration and enforcement of the game and revenues would be distributed as follows:

- \$500 annual license fee to state education trust fund
- 8% of keno proceeds to licensee
- 92% of keno proceeds to state
 - 1% to the Department of Health and Human Services to support research, prevention, intervention, and treatment services for problem gamblers;
 - Remainder, less administrative costs of the Lottery Commission and prize payouts, to the state education trust fund

The Commission is unable to estimate in which fiscal year keno would commence as this bill requires a local approval prior to licenses being issued. However, for informational purposes, the Commission has provided the following annual estimates for full implementation applying stated assumptions:

- 250 licensed locations statewide, renewed annually
- During first six months of operation a licensed location would generate \$150,000 and the subsequent full-year of operation, and each year thereafter, would generate \$175,000 per location
- Prize structure set at 70% of sales

- Lottery administrative costs, including payments to gaming system provider, would be 2% of total keno proceeds
- Does not include estimated impacts to lottery revenues or any state taxes

License Revenue (250 x \$500)	\$125,000
Total Keno Sales (250 x \$175,000)	\$43,750,000
Retained by Licensee (8% of Proceeds)	(\$3,500,000)
Department of Health and Human Services (1% of Proceeds)	(\$437,500)
Less: Lottery Commission Administrative Costs (2% of Sales)	(\$875,000)
Prize Payouts (70% of Sales)	(\$30,625,000)
Education Trust Fund Revenue From Sales	\$8,312,500
Net Revenue to Education Trust Fund	\$8,437,500

The Department of Health and Human Services states that based on current staffing levels for prevention and treatment service programs, the Department would need to establish one new full-time position. The Department states additional funds will be used for media advertising and outreach, information development and dissemination, data collection and research to determine the scope of problem gambling and effectiveness of interventions and contracts for outpatient gambling addiction. This bill allocates 1 percent of keno proceeds to the Department to support programs to treat problem gaming. The Department projects costs as follows:

	FY 2015	FY 2016	FY 2017	FY 2018
Salary and Benefits for 1 Employee:				
(1) Program Specialist III	\$0	\$0	\$70,759	\$74,184
Operating Expense	\$0	\$0	\$9,000	\$9,000
Equipment	\$0	\$0	\$1,500	\$0
Contract Costs	\$172,500	\$402,500	\$321,241	\$319,316
Total Costs	\$172,500	\$402,500	\$402,500	\$402,500

The New Hampshire Municipal Association states this bill establishes a procedure for municipal approval as a condition to the operation of keno games. The Association states the bill allows for such approval by the voters at a regular municipal election in a city or at a regular or special town, however the governing body would be required to hold a hearing before the meeting or election at which the question is considered, with notice of the meeting to be posted in two public places and published in a newspaper. The Association states a municipality may incur expenses relative to holding a hearing and publishing notices in a newspaper, however it cannot estimate how much such costs may be.