



Over \$2 Billion and Counting for our Schools

House Ways and Means

January 25, 2023

Presented by: Charles McIntyre, Executive Director

&

James Duris, Chief Financial Officer

NEW HAMPSHIRE LOTTERY COMMISSION

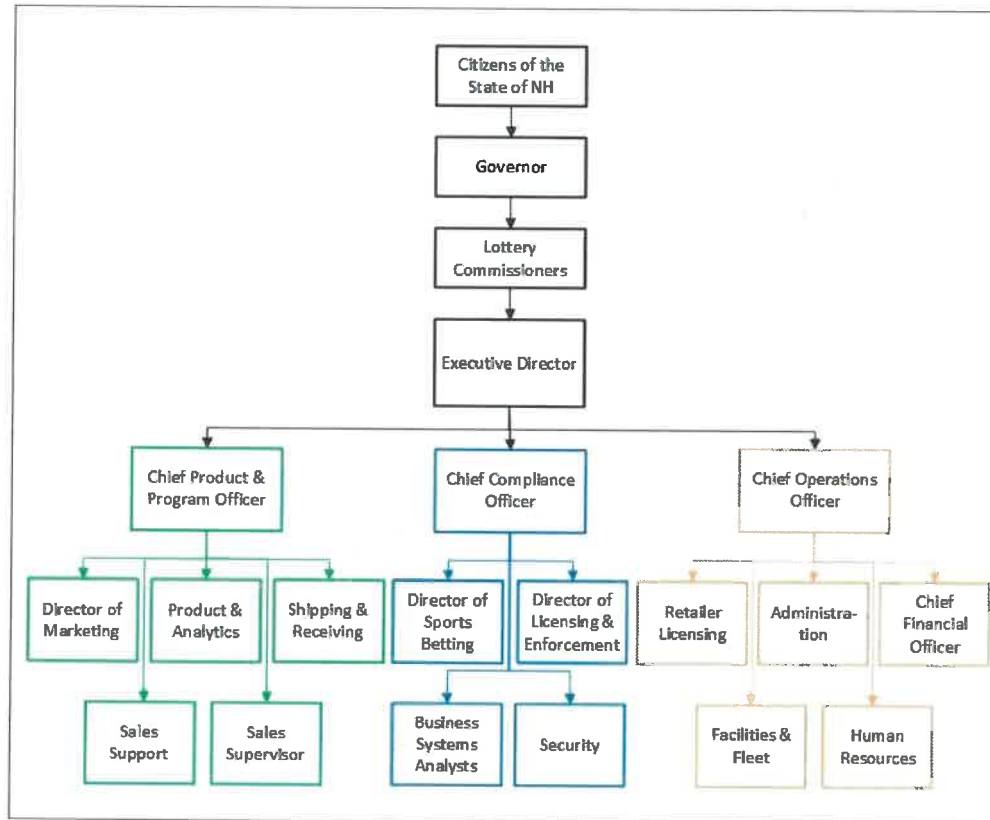
Appointed Officials and Organizational Chart

Appointed Officials

Debra M. Douglas
Commission Chairman
Term ends 6/29/2025

H. Andy Crews
Commissioner
Term ends 6/29/2023

Erle B. Pierce
Commissioner
Term ends 6/29/2024



Instant Games

Instant Games were introduced in New Hampshire in 1975 with a ticket called Lucky X. Instant games are played by scratching the latex covering off the play area on the ticket. There are several ways to win on an instant, or scratch, ticket, including matching three like dollar amounts, symbols, or letters; or adding up numbers to a specified total; or the more traditional play type of key number match. If the correct combination appears, the player becomes an instant winner without having to wait for the results of a drawing (although some tickets have a component that allows entry into a drawing). The instant games offer a wide variety of themes and ticket prices. Players can win from one dollar to \$2 million, with ticket prices ranging from \$1 to \$25. The Lottery offered 109 instant games during fiscal year 2022.



\$250 Holiday Frenzy/\$250 Frenzy was a pulsed game at the \$5 price point. A pulsed game features different versions of the same game. This game showcased a holiday and a traditional version. Once the festive holiday version, comprised of approximately two-thirds of the entire print run, was depleted, the traditional version shipped to retailers. To offer more value to players, this ticket was loaded with \$250 wins. The eye-catch design of the tickets attracted the attention of players and generated sales during and after the holiday season, putting this ticket at the top of the \$5 price point.

\$50 Million Granite Bonanza was the best-selling \$25 ticket in the history of the New Hampshire Lottery. Though the history is short by comparison to other price points, only 8 years, this ticket generated record sales by combining an nright and reflective design, a competitive prize structure, and robust marketing campaign. This game had five top prizes of \$2 million and over \$29 million in prizes of \$100 or more. As the Lottery's premium ticket, sparkle and metallic ink were used in the printing of this ticket to provide the player with an exclusive looking ticket in addition to a bonanza of a play experience.



Tri-State Lotto Commission Draw-Based Games



Pick 3/Pick 4 has been offered in New Hampshire since 1977, and by Tri-State since 1985. This is the only game that offers tickets for less than a dollar: players can wager from 50 cents to \$5 for twice-daily drawings that take place at mid-day and in the evening. Players select a three (Pick 3) or a four (Pick 4) digit number and select from several different play options. Numbers are drawn seven days a week for fixed prize amounts ranging from \$2.50 to \$25,000, depending on the amount bet. Although the

Pick 3/Pick 4 game is considered a mature product, it continues to maintain strong sales through its loyal player base.



Tri-State Megabucks was the first multi-state product to be offered by any jurisdiction in the United States. It was also the Lottery's first lotto-style game, and year after year it maintains a faithful player base. Megabucks has undergone some significant enhancements since its introduction in September, 1985. The Megabucks game began with a six of 30 matrix and a weekly drawing each Saturday. The matrix changed to six of 36 in 1986 and to six of 40 in 1988. In 1990, the Tri-State Lotto Commission

added a second weekly jackpot drawing. More changes came to the game in 1997 with the addition of a bonus number, a new matrix of six of 42, and a guaranteed jackpot of \$500,000. In July, 2009, Megabucks changed to Megabucks Plus, with guaranteed starting jackpots of \$1 million and lower tier prizes ranging from \$2 to \$30,000. The cost of a ticket went from \$1 to \$2. Players now choose five numbers from a matrix of 41 and one Megaball number from 1 to 6. A jackpot winner may choose to be paid in cash or as an annuity in 25 annual installments. Although this game is over 30 years old, it still remains a profitable product for the Lottery with a committed player base. This game is available as a subscription.



Fast Play is a Tri-State game that began in June, 2006. It is an online game that plays like an instant ticket and is generated by the lottery terminal at the time of purchase. There is no waiting

for a drawing like the other online games: players know instantly if they have won. Up to twenty different Fast Play games are offered each year. In April, 2015, the Lottery introduced progressive jackpot Fast Play games for sale at \$1, \$2, and \$5 price points. Examples of the different games offered are Roulette Riches, Fabulous 5, and a progressive family of games called Granite State Jackpot. Tickets cost \$1, \$2, \$5, \$10, or \$20 each depending on the game. Top prizes range from \$300 to \$5,000 on fixed-prize games, and progressive jackpots have reached over \$300,000. This game has proven to be a successful companion offering on Keno self-service kiosks.



Tri-State Gimme 5 was launched in May of 2013 in conjunction with the Vermont and Maine State Lotteries. For this lotto game, tickets are sold for \$1 per play, and players can either let the computer generate an Easy Pick, or they can choose five numbers from a matrix of 1-39. Players are permitted to purchase up to

30 draws on one ticket and drawings are held every weekday at the New Hampshire Lottery headquarters. Prizes include \$2, \$7, \$250, and a jackpot of \$100,000. Since July 2021, Gimme 5 is also available through the iLottery platform.

Multi-State Lottery Draw-Based Games (MUSL)

NEW HAMPSHIRE



New Hampshire Powerball is a draw game jointly operated by the member lotteries of MUSL. A total of 48 lotteries participate in the sale of Powerball tickets, including the 38 MUSL members (which consist of 35 state lotteries, the U.S. Virgin Islands, Puerto Rico, and the District of Columbia) and the Mega Millions group (which consists of ten state lotteries). This game was introduced in New Hampshire in November, 1995, although it has been operated by MUSL since April, 1992. Powerball holds the record for the largest national lottery jackpot of \$1,586,000,000. Players select one set of five numbers and one additional number designated as the Powerball for each draw. The matrix is five numbers of a field of 1 through 69 plus one Powerball number from a field of 1 of 26. The minimum jackpot is \$20 million, which rolls over in the event that no ticket matches all five numbers and the Powerball. Powerball offers eight secondary prizes of fixed amounts ranging from \$4 to \$1,000,000 for a \$2 bet. For an extra \$1, players can choose the Power Play multiplier option for the chance to increase their winnings (except for the jackpot prize) up to \$2,000,000. A jackpot winner may choose to be paid in cash or as a graduated annuity in 30 annual installments. An additional draw day was added on August 23, 2021. Drawings are held at the Florida Lottery's studio on Mondays, Wednesdays and Saturdays. In fiscal year 2021, subscription sales ceased, though players can purchase an auto-renewal option through the iLottery platform.



New Hampshire Mega Millions sales began in January of 2010. Like Powerball, Mega Millions is a MUSL game; although prior to January 31, 2010 any state that sold Powerball could not sell Mega Millions and vice versa. There are a total of 45 states, the U.S. Virgin Islands, and the District of Columbia that currently participate. Originally a \$1 per play game, a multiplier option for an additional \$1 was added. In October, 2017, the game changed to \$2 per play, plus \$1 Megaplier option. Players select five numbers from a field of 1 to 70 and a Megaball from a field of 1 to 20. Jackpots start at \$20 million, and other prizes range from \$2 to \$5,000,000. Jackpot winners may choose to be paid in cash or as a graduated annuity in 30 annual installments. Drawings are held in Atlanta, Georgia on Tuesdays and Fridays. In fiscal year 2021, subscription sales ceased, though players can purchase an auto-renewal option through the iLottery platform.



Lucky for Life sales began in March of 2012. It is a multi-jurisdictional game originally operated by the six New England state lotteries but expanded in January, 2015, and now includes 22 states and the District of Columbia. Players choose five numbers from a field of 1 to 48, and one Lucky Ball from a field of 1 to 18. Easy Pick remains a choice as well. For \$2 per chance, players have the opportunity to win from 10 different prize levels ranging from \$3 up to \$25,000 a year for life, or the top prize of \$1,000 a day for life. Beginning on July 19, 2021, drawings are now held seven evenings a week in Hartford, Connecticut.

New Hampshire Lottery Draw Games, Internet Lottery, Sports Betting and 603 Rewards



Keno was signed into law as an exclusive revenue source for kindergarten funding in New Hampshire in July, 2017. Branded KENO 603, it launched on December 15, 2017 and is unique in that each municipality must vote whether to allow it in its jurisdiction. Retail locations are limited to adult environments such as restaurant bars and taverns, so applicants must hold a valid liquor license. Players can use either a paper play slip or conduct their purchase at a self-service kiosk. They wager from \$1 to \$25 per draw, and can add the multiplier option Keno Plus, which gives winners the chance to multiply their prize by 3, 4, 5, or 10 times. The players choose between one and 12 numbers ("spots") from a field of 1 to 80. Every five minutes, the computer randomly picks 20 numbers, and players win based on the number of spots they match. Up to 20 consecutive draws can be played, and the game runs from 11 a.m. to 1 a.m. seven days a week. In September, 2019, HB 4 repealed Keno as the exclusive kindergarten funding source, and its revenues now go into the general Education Trust Fund.



House Bill 517 was signed into law in June, 2017 allowing the Commission "to sell lottery tickets on the Internet and by mobile applications and create certain practices to address problem gaming in such sales." Internet Lottery ("iLottery") was developed and launched in the first quarter of fiscal year 2019 on the Lottery's website. Electronic games called e-Instants resemble scratch tickets and are available in demo mode for free play or money mode to play for cash prizes. When a player creates their account, their location and age are verified; and deposits are limited to daily, weekly, and monthly maximums to encourage responsible gaming. Access to money mode is strictly limited to within the physical borders of New Hampshire. Participants can set the value of their wager from \$0.01 to \$30 for e-Instants, and Powerball, Mega Millions and Tri-states' Gimme 5 draw-based games can be purchased through iLottery for up to 20 consecutive drawings. Players can also use the auto-renewal option. In spring of 2020, NH Lottery contracted with additional gaming vendors to provide a wider variety of games.



In July, 2019, House Bill 480 was signed into law, authorizing the New Hampshire Lottery Commission to conduct and regulate sports wagering. The legislation allows three channels of sports wagering through contracted agents and vendors across internet and mobile platforms, at up to ten physical sports, book retail locations, and through traditional lottery retailers. In November, 2019, two vendors were contracted for services: DraftKings supplies the mobile app and supports retail sports book operations; and Intralot will provide a retail lottery solution. The mobile app launched on December 30, 2019. There are currently three retail sports book locations: The Brook in Seabrook (opened Aug. 2020), Filotimo – Manchester (opened Sep. 2020), and Filotimo – Dover (opened Oct. 2021). The retail lottery solution, Sports603, is currently under development.

Sports Betting Results by State

FY2022 (Jul '21 to Jun '22) – Per Capita Results

Jurisdiction	Handle*	GGR*	Hold*	State revenue*	Population**	Per Capita State Rev*
Rhode Island	\$517,229,614	\$40,349,517	7.80%	\$20,578,253	1,057,125	\$19.47
New Hampshire^	\$861,106,439	\$51,608,874	5.99%	\$23,153,279	1,366,275	\$16.95
New York (live 1/22)	\$8,692,544,869	\$618,887,356	7.12%	\$308,333,132	19,336,776	\$15.95
New Jersey	\$11,827,346,472	\$756,076,870	6.39%	\$93,730,970	8,882,371	\$10.55
Delaware	\$109,574,662	\$14,531,035	13.26%	\$9,520,810	986,809	\$9.65
Nevada	\$9,303,774,652	\$432,113,000	4.64%	\$29,167,630	3,138,259	\$9.29
Pennsylvania	\$7,085,363,761	\$509,947,629	7.20%	\$113,657,851	12,783,254	\$8.89
Illinois	\$8,526,440,669	\$606,310,777	7.11%	\$98,307,221	12,587,530	\$7.81
Tennessee	\$3,468,841,389	\$291,029,316	8.39%	\$45,869,556	6,886,834	\$6.66
D.C. - Lottery***	\$53,069,497	\$7,386,516	13.92%	\$3,693,258	712,816	\$5.18
Indiana	\$4,464,153,008	\$328,867,491	7.37%	\$31,242,412	6,754,953	\$4.63
Virginia	\$4,297,794,204	\$383,900,849	8.93%	\$27,716,708	8,590,563	\$3.23
Iowa	\$2,442,976,667	\$127,949,203	5.24%	\$9,681,472	3,163,561	\$3.06
Louisiana (live 10/21)	\$1,139,840,011	\$95,464,787	8.38%	\$12,681,747	4,645,318	\$2.73
Mississippi	\$552,998,761	\$58,275,506	10.54%	\$6,993,086	2,966,786	\$2.36
D.C. - Commercial	\$167,370,598	\$15,713,517	9.39%	\$1,574,444	712,816	\$2.21
Arizona (live 9/21)	\$4,782,691,813	\$363,729,443	7.61%	\$16,982,805	7,421,401	\$2.29
Colorado	\$4,815,595,920	\$282,625,698	5.87%	\$12,442,309	5,807,719	\$2.14
West Virginia	\$583,024,542	\$43,636,323	7.48%	\$3,709,088	1,784,787	\$2.08
Connecticut (live 10/19)	\$1,077,971,185	\$81,363,963	7.55%	\$7,329,674	3,557,006	\$2.06
Michigan	\$4,793,278,287	\$361,775,631	7.55%	\$11,280,053	9,966,555	\$1.13
Wyoming (live 9/21)	\$103,991,924	\$9,630,922	9.26%	\$364,495	582,328	\$0.63
Maryland (live 12/21)	\$175,811,019	\$19,653,632	11.18%	\$2,883,063	6,055,802	\$0.48
Arkansas	\$94,884,515	\$7,684,571	8.10%	\$1,110,616	3,030,522	\$0.37
South Dakota (live 9/21)	\$6,568,813	\$480,305	7.31%	\$43,228	892,717	\$0.05
Montana	\$44,973,000	\$6,615,000	14.71%	Unknown	1,080,577	Unknown
Oregon	\$402,180,492	\$35,296,358	8.78%	Unknown	4,241,507	Unknown

* Per Legalsportsreport.com (except N.H. and *italicized*)

**As of July 2020 per the U.S. Census; accessible at <https://www2.census.gov/programs-surveys/popest/tables/2010-2020/state/totals/nst-est2020.xlsx>

*** State Revenue Estimated

^ State Rev per Annual Report

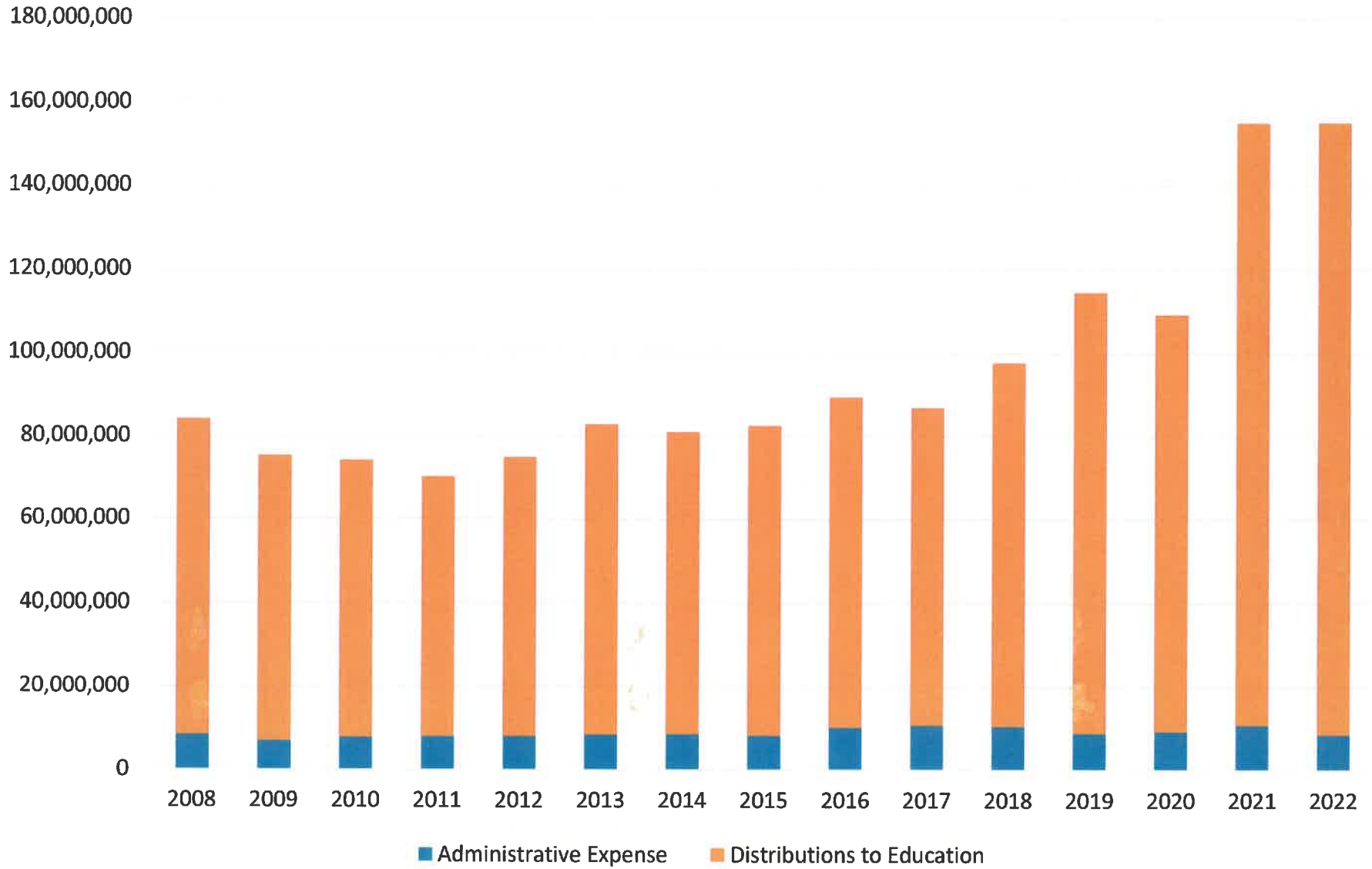
Sports Betting Results by State

FY 2023 – New Hampshire Sports Betting Results

<u>Year</u>	<u>Handle</u>	<u>GGR</u>	<u>State Revenue</u>	<u>Hold</u>
FY 2020	\$67,189,287	\$5,244,994	\$2,157,893	7.81%
FY 2021	\$520,648,859	\$38,965,589	\$16,723,887	7.48%
FY 2022	\$861,106,439	\$51,608,874	\$23,153,279	5.99%
<i>FY 2023*</i>	<i>\$439,593,040</i>	<i>\$38,406,036</i>	<i>\$17,759,628</i>	<i>8.74%</i>
Total	\$1,888,537,625	\$134,225,493	\$59,794,687	7.11%

**unaudited*

Distributions to Education



Revenues, Expenses, and Changes in Net Position for the Last Ten Years

Thousands

Revenues (in thousands)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instant Scratch Games	\$ 192,475	\$ 195,293	\$ 208,938	\$ 218,037	\$ 223,368	\$ 238,867	\$ 250,477	\$ 272,265	\$ 320,336	\$ 313,816
Keno	-	-	-	-	-	8,357	26,959	28,988	47,902	53,537
MUSL Powerball	46,160	35,034	28,669	42,546	32,446	36,780	37,618	23,913	31,187	40,581
MUSL Mega Millions	8,765	13,499	12,533	11,265	11,287	16,948	31,611	17,495	26,890	18,805
MUSL Hot Lotto	3,168	3,160	3,697	2,699	2,749	1,322	-	-	-	-
Tri-State Megabucks	9,177	8,105	7,432	7,838	7,645	8,740	9,359	8,087	8,068	6,830
Tri-State Daily Pick 3/Pick 4	9,933	9,855	9,968	10,333	10,809	10,384	10,254	10,499	11,150	10,316
Tri-State Other Games	1,833	4,304	4,623	5,329	5,531	5,909	7,969	8,115	20,260	22,610
Lucky for Life	7,826	6,361	5,272	5,295	5,319	5,445	5,607	5,539	5,634	8,351
iLottery	-	-	-	-	-	-	4,513	10,733	23,720	29,857
Racing & Charitable Gaming	-	-	-	5,038	4,892	5,010	5,996	4,426	7,107	8,697
Sports Betting	-	-	-	-	-	-	-	2,158	16,724	23,153
Income Other than Ticket Sales	1,132	375	1,850	188	275	134	675	432	27	218
Total Sales and Other Revenue ²	\$ 280,469	\$ 275,986	\$ 282,982	\$ 308,568	\$ 304,321	\$ 337,895	\$ 391,038	\$ 392,651	\$ 519,005	\$ 536,771
Operating Expenses										
Prizes	173,357	171,846	176,415	192,963	191,778	211,534	240,812	246,878	310,919	321,750
Retailer Commissions & Incentives	16,626	15,823	16,256	18,057	17,204	19,909	23,468	23,083	32,146	30,417
Other Costs of Sales	7,618	7,217	7,800	8,262	8,444	8,569	11,278	13,887	20,645	26,677
Administration & Depreciation Expenses	8,533	8,624	8,264	10,205	10,742	10,499	8,896	9,369	10,813	8,564
Total Expenses	206,134	203,510	208,735	229,487	228,168	250,510	284,454	293,217	374,523	387,407
Nonoperating Expenses										
Transfer in of RCGC operations	-	-	-	(1,089)	-	-	-	-	-	-
Interest on mortgage payable	-	-	-	-	-	-	50	98	94	6
Interest on capital lease	-	-	-	-	-	-	-	-	-	2
Distributions to Education	74,335	72,380	74,325	79,185	76,120	87,279	105,853	99,791	144,237	146,561
Change in Net Position										
Change in Net Position ¹	-	96	(78)	(1,193)	34	107	681	(453)	151	2,795
Net Position										
Invested in capital assets	133	246	187	211	145	72	73	169	283	310
Restricted for prize funds	4,134	4,230	4,152	4,048	4,083	4,189	4,869	4,417	4,568	4,653
Unrestricted Deficit ^{3,4}	(133)	(246)	(2,777)	(3,890)	(3,824)	(24,332)	(24,333)	(24,429)	(24,543)	(21,860)
Ending Net Position ⁵	\$ 4,134	\$ 4,230	\$ 1,562	\$ 369	\$ 404	\$ (20,071)	\$ (19,390)	\$ (19,842)	\$ (19,692)	\$ (16,897)

¹ The change in net position does not reflect the condition of the Lottery's financial position, because by law the Lottery is required to transfer all net profits to the Education Trust Fund on a monthly basis.

² State law restricts the maximum sales amount of a ticket to \$30.

³ The increase in Unrestricted Deficit was due to an accounting change for fiscal year 2015 in accordance

⁴ The increase in Unrestricted Deficit in 2016 was due to the merger with Racing and Charitable Gaming (RCGC). See Note 1

⁵ FY 2018 restated for the effects of implementing new accounting standard GASB Statement No. 75.