



Over \$2 Billion and Counting for our Schools

House Ways and Means

February 27, 2023

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&

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Traditional Lottery Revenues by Product Type

February 2023

Instant Tickets

- These are often called scratch tickets, and are sold through approximately 1400 retail locations across the state;
- The margin on these varies by price point, but the overall profitability for the state is approximately 18%; and
- Sales last year were \$313 million

Multistate Jackpot Games

- These are the well known games of PowerBall and MegaMillions, sold throughout the state, as well as well over the internet;
- Because of the liquidity of the 48 lotteries that sell these games, all those sales create very large jackpots, and a great deal of media/public interest;
- The margin on these two games is approximately 39%; and
- Sales last year were \$59 million

Tri State Games

- These are games that we share with Vermont and Maine, having executed the first multi-state lottery agreement in 1986;
- Both the games and expenses are shared by the 3 states;
- The states sell games by the name of Pick 3/Pick 4, Gimme 5, MegaBucks and Fast Play;
- The states will also share certain scratch ticket game ideas, as well;
- The margin on each game varies by design, but is approximately 28%; and
- Sales were \$39 million last year.

Lucky for Life

- This is a game sold jointly by 25 lotteries, NH was a founding member;
- The top prize never changes, match all 6 numbers and win a prize of \$1,000 a day for life;
- The member states share expense on the game;
- The margin on the game is 31%; and
- sales were \$8.3 million last year.

Keno

- Keno is a game approved by the legislature in 2017;

- It was initially approved at only bars and taverns, and only in towns that approved the game by vote of the people of that jurisdiction;
- The legislature expanded that to include retail stores, also in jurisdictions that had approved the game;
- Margin is approximately 19%; and
- Sales were \$53 million last year.

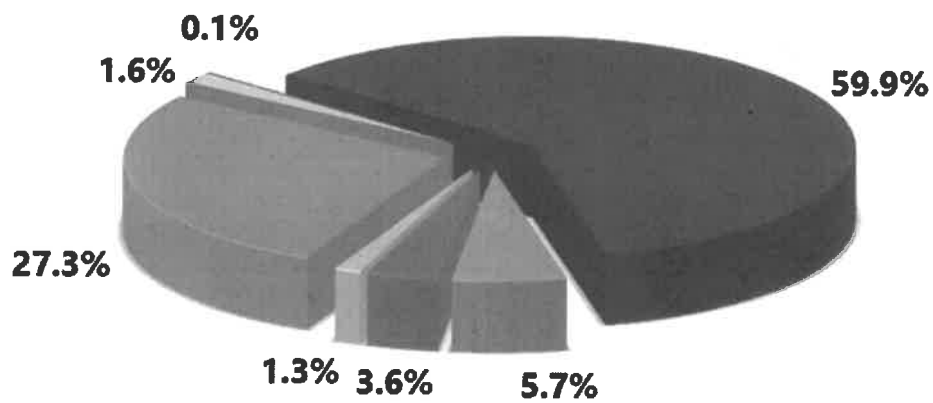
iLottery

- In 2017, the Legislature approved the sale of tickets over mobile and the internet;
- NH launched in the first quarter of FY 2019;
- This includes the sale of both jackpot games (like PowerBall and MegaMillions), as well as electronic instant games (eInstants);
- Sales are recognized on a net basis (in gaming the term would be Gross Gaming Revenue);
- Revenue last year was approximately \$29.9

Sports Betting

- In 2019, the Legislature approved sports betting, both in retail locations as well as over the internet;
- NH launched on Dec 30, 2019
- Sales are recognized on a net basis (in gaming the term would be Gross Gaming Revenue);
- Revenue last year was approximately \$23.1

The chart below displays expenses and distributions to the Education Trust Fund as a percentage of operating revenues for the Lottery for the year ended June 30, 2022:



- Prizes
- Vendor fees
- Distributions to Education Trust Fund
- Other
- Retailer commissions
- Instant tickets & delivery
- Administrative costs

CHARITABLE GAMING IN NEW HAMPSHIRE

February 2023

Overview

Charities strengthen communities by providing the educational, health, and social services that citizens need. In New Hampshire, a valuable source of funding for many charities is charitable gaming.

New Hampshire's laws recognize four types of charitable games:

1. Bingo;
2. Lucky 7 (pull-tab) tickets;
3. Games of Chance (GOC); and
4. Historic Horse Racing (HHR).

Bingo

- Traditional Bingo events can be held in facilities owned by the charity or at licensed Commercial Bingo Halls. Each charity may hold up to 10 Bingo events per month.
- The events are operated by members of the organization who volunteer their time to help run the event. Organizations may also hire licensed gaming consultants to assist them with the operation.
- The charitable organization retains all gaming revenue (minus prizes and expenses).
- State receives 7% of all money received from Carry-Over Cover-All (COCA) and Winner-Take-All (WTA) games.
- Bingo by itself has become a loss-leader for most charitable organizations. To offset these losses, charities operating Bingo events also sell Lucky 7 tickets (see below).

Lucky 7

- Lucky 7 tickets are a popular game sold at private fraternal halls, or in conjunction with Bingo events. As of August 16, 2022, Lucky 7 tickets can also be sold at licensed Games of Chance facilities.
- Each Lucky 7 ticket has one or more tabs that can be opened to reveal whether the player has winning numbers or symbols. Each deal of tickets has a set number of tickets (not to exceed 14,000 tickets) with a predetermined number of winners and losers.
- Lucky 7 tickets may be purchased from either directly from a representative of the organization or from a mechanical or electrical dispensing device.
- Typically, 75-90% percent of gross revenues are returning to the players in the form of cash prize. The charitable organization retains the remaining 10-25% of gross revenue.
- The state receives a deal fee of \$15 for every 3,600 tickets (or portion thereof) in a deal.

Games of Chance (GOC)

- Games of chance are casino style games, including poker, roulette and blackjack.

CHARITABLE GAMING IN NEW HAMPSHIRE

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- Charitable organizations may operate the games themselves, but due to their complex nature, organizations hire a licensed Game Operator Employer (GOE) to oversee the operation at a licensed GOC facility. The GOE, in turn, hires Primary Game Operators to directly supervise the operation, and Secondary Game Operators to act as dealers and cashiers, run the roulette wheel, and provide accounting services or security functions.
- The GOE must contract with a charitable organization who is entitled to 35% of the gaming revenue (minus rent).
- A GOE may charge a fixed rental fee that reflects “fair rental value of the property for any use”. On average, 10% of a charity’s allocation is returned to the GOE for the payment of rent. By room, the amounts ranged from 5% to 50% of the charity’s GOC revenue being returned to the GOE for payment of rent.
- The state receives 3% of all received from players of poker tournaments, and 10% of all gaming revenue from table games and cash poker.

Historic Horse Racing (HHR)

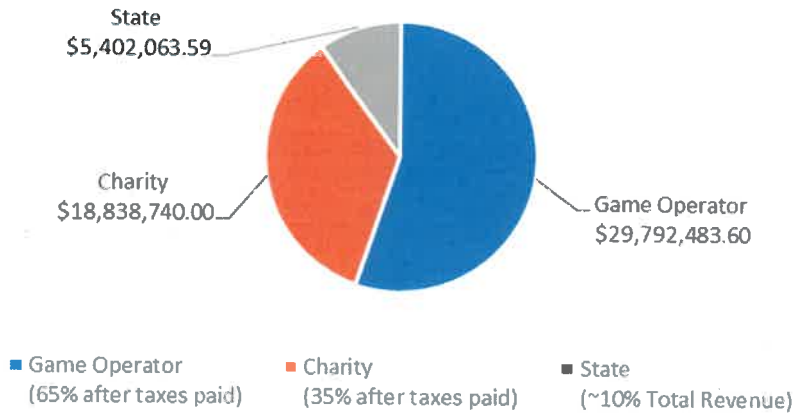
- HHR is a betting system that allows players to place bets on replays of past horse races.
- Only licensed GOC facilities are eligible for an HHR license. In April of 2022, the first HHR license was issued to The Brook in Seabrook. Today, a total of 8 game rooms are licensed for HHR.
- For each game date, the game operator must contract with two licensed charitable organizations who will receive a share of the gaming revenue (aka “takeout”).
- Takeout is the amount the game operator withholds from each HHR wager. By law, takeout cannot exceed 12%, and typically ranges between 8-10%. Takeout is distributed as follows:
 - 75% is retained by the game operator;
 - The remaining 25% is distributed as follows:
 - 35% is shared between the 2 charitable organizations sponsoring the event. This equates to 8.75% of total takeout; and
 - 65% is given to the Lottery Commission. This equates to 16.25% of total takeout. All revenue not expended to provide regulatory oversight is deposited into the Education Trust Fund.
- To ensure that HHR enhances, but does not detract from GOC revenue, the portion of the active gaming area allocated for the operation of HHR cannot exceed 70% with the remaining 30% allocated to games of chance. In addition, revenue from HHR cannot exceed 6.33 times the gross gaming revenue for GOC¹.

¹ If HHR revenue exceeds 6.33 times GOC revenue, the game operator’s portion of the revenue is reduced from 75% to 50% and the state and charity portion increases from 25% to 50%.

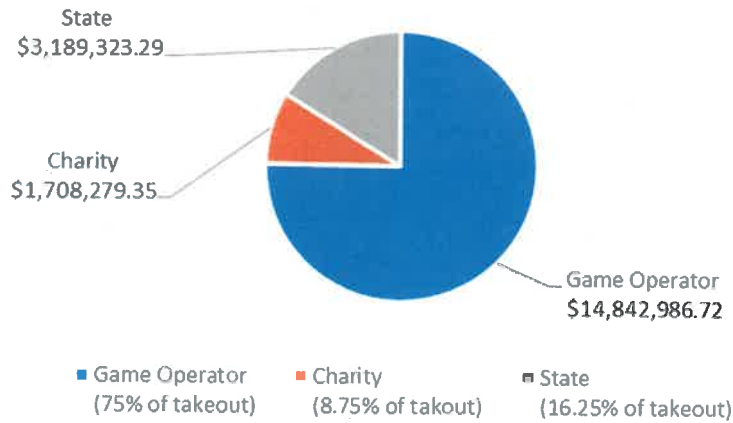
CHARITABLE GAMING IN NEW HAMPSHIRE

February 2023

GAMES OF CHANCE CY22 Revenue Share



HISTORIC HORSE RACING CY22 Revenue Share



NH Lottery Revenue Streams

Lottery Division	FY2022	Projected		
		FY2023	FY2024	Projected FY2025
Instant Tickets	\$ 313,978,943	\$ 312,000,000	\$ 315,000,000	\$ 318,000,000
Draw Based Games	\$ 160,975,618	\$ 180,000,000	\$ 165,000,000	\$ 165,000,000
iLottery	\$ 29,856,652	\$ 33,500,000	\$ 35,000,000	\$ 36,000,000
Sports Betting	\$ 23,153,279	\$ 30,000,000	\$ 24,000,000	\$ 26,000,000

Investigative and Compliance Division

Games of Chance	\$ 7,619,533	\$ 6,600,000	\$ 7,200,000	\$ 7,400,000
Racing	\$ 670,671	\$ 500,000	\$ 600,000	\$ 600,000
Historic Horse Racing	\$ 406,759	\$ 7,000,000	\$ 10,000,000	\$ 12,000,000

*draw based games sold on the iLottery platform are included in draw based games revenues