New Hampshire Gaming Study Commission

Interim Progress Report

December 21, 2009

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Data, presentations, reports and other documents used to help inform the Commission and this report are available on the Commission web site (nh.gov/gsc), which also contains basic information about the Commission, including membership, meeting minutes, and calendar.

New Hampshire Gaming Study Commission

Interim Progress Report

Executive Summary

The July 16, 2009 Executive Order that created the New Hampshire Gaming Study Commission directs it "to undertake a thorough and comprehensive review of various models for expanded gaming and their potential to generate state revenues, as well as an assessment of the social, economic and public safety impacts of gaming options on the quality of life in New Hampshire." Since its first formal session on Sept. 1, the Commission has worked diligently to develop and implement a balanced, fact-driven, and fully transparent process toward that goal. Rather than make recommendations or preempt the role of the Legislature, the Commission views its charge to be that of a trusted third party, producing findings that will hopefully prove useful to the Governor and to the General Court as it continues to review this important issue.

In this special role, the Commission has had the luxury of being able to deliberate on these matters outside of the time constraints and other pressures that are typical of legislative sessions. It has collected data and other information, reviewed studies, met with experts on a range of topics and heard sincere if differing views about how – and whether -- to expand gaming in New Hampshire. Though the Commission has learned much, it has more work to do to develop a prudent analysis about the costs and benefits to New Hampshire of expanded gaming.

This task is fraught with very difficult methodological issues, including the limited pool of peer-reviewed, independent studies that have no connection to pro- or anti-gaming interests. The Commission needs more analysis and, especially, additional hard data before it can reach firm findings to provide a complete analysis to help guide decision makers and others as they grapple with the complicated, multi-layered issue of whether to expand gaming. Where appropriate, the Commission will acknowledge areas where the research is not of sufficient depth or quality to reach a clear finding.

This report summarizes the Commission's work to date and its next steps, which include hearings and deliberative sessions across the state to gather as much public input as possible. This report also contains data and other information collected by the New Hampshire Center for Public Policy Studies about various aspects of gaming in New Hampshire, including its history, its revenue role, gaming activity by residents, and an overview of gaming in other New England states. This report then discusses several issues raised by Commission deliberations and research that will be further studied.

The Commission will continue to collect information, including the development of models that will show the fiscal, economic and other impacts of various gaming models (described in more detail in Part IV, below). Commissioners will also continue to visit gaming facilities and hear from experts and other interested parties as it moves toward issuing its final report to the Governor by late May.

Based on its deliberations and research, the Commission has identified several broad themes and issues for further analysis and consideration. These include:

Benefits and costs

Expanded gaming has the potential to create revenue for the state and stimulate economic activity. Any benefits must be weighed against the potential of short-term and long-term impacts that may arise, including social costs, public safety costs, financial risk to some New Hampshire charities that may be dependent upon revenues from charitable gaming, the potential to displace current discretionary spending in other sectors, and changes to the state's image and "brand" in ways that could affect tourism and other business activities.

No revenue panacea

No matter what the Legislature decides, revenues from expanded gaming alone will not eliminate long-term fiscal challenges facing the state, even if best-case revenue projections for expanded gaming prove accurate. Like many of the state's revenue sources, gaming revenues have been shown to be sensitive to economic conditions. And even if expanded gaming is approved, there will be relatively little immediate revenue beyond up-front licensing fees due to delays in implementation of actual operations. It is also important to consider whether recent declines in gaming revenues across the country are due to the current economic downtown, and thus may recover, or whether the cause may be potential market saturation.

Implications of Video Lottery Terminals (VLTs)/slot machines

New Hampshire residents already engage in a variety of gaming activities, mostly in the form of Lottery games, but also in card game rooms, bingo halls with Lucky Seven and other charitable gaming, and racing. However, the introduction of slot machines and VLTs, which are the likely source of the revenue the state could receive from the introduction of casinos, has become a central focus of the Commission's study. This form of gaming would be new to the state and may carry social, fiscal, economic, public safety and other implications that the Commission needs to more fully understand and consider.

Regulatory issues

If expanded gaming occurs, significant consideration must be given to determine the process for the granting of licenses for operations and ownership. If expanded gaming does not occur, New Hampshire's current system and structures of gaming regulation should still be reviewed.

Actions by other states

Decisions about expanding gaming in New Hampshire could be influenced by actions that may be taken by bordering states. Such proposed actions have led some to suggest that New Hampshire should act quickly to gain a “first mover” advantage. Others, however, caution that policy makers should not act under pressure and should fully consider potential costs and risks as well as possible gains and benefits from such a “first mover” advantage. If, for example, Massachusetts were to construct a casino near the New Hampshire border, New Hampshire would likely suffer additional social costs without added revenue to help pay for them. On the other hand, if New Hampshire acted to expand gaming before neighboring states did so, the state might enjoy a temporary boost in revenue but its action could trigger further gaming expansion by other states, adding both to social costs borne in New Hampshire and to the potential of gaming market saturation and reduced revenue in the long term.

Part I

Commission work to date

As of this report, the Commission has held eight formal sessions, focusing on different aspects of the gaming issue. Minutes for each meeting, along with presentations and other documents attached to them, are available from the "calendar" on the Commission website [nh.gov/gsc]. To recap the formal sessions:

Sept. 1: Organizational meeting

After Chairman Andy Lietz and commissioners discussed the proposed scope of work, Gov. Lynch briefly joined the session. He thanked commissioners for their willingness to work in an unbiased way toward producing an authoritative report based on thoughtful and comprehensive data research and analysis. Noting that the Commission's work will affect not only current but future policymaking, Gov. Lynch urged the Commission to be mindful of the long-term impacts and potential unintended consequences of expanded gaming in New Hampshire.

Chairman Lietz then discussed staffing and other plans, including the role of the New Hampshire Center for Public Policy ("the Center") in a variety of research functions, including construction of models to measure social, economic and other impacts of gaming in New Hampshire. Andy Smith of the UNH Survey Center discussed plans to poll about public attitudes about gaming. Finally, Chairman Lietz introduced Bruce Mallory of the UNH/Carsey Institute, which conducts public policy research on civic engagement and sustainable community development. Dr. Mallory discussed how a collaborative discussion about gaming would likely be a productive method for gaining public input.

Sept. 15: Current status of gaming in New Hampshire

The Center offered what it called a "30,000 foot view" of existing gaming activities in the state, including kinds of activities (lottery, racing, charitable gaming) and revenues, as well as estimates of spending by New Hampshire residents on gaming. Following that presentation, Paul Kelley, Director of the NH Racing and Charitable Gaming Commission, provided an overview of pari-mutuel activities and charitable gaming in New Hampshire, followed by Rick Wisler, Executive Director of the NH Lottery Commission, who discussed the history, performance, challenges, and potential future of lottery activities in the state. The day's final presenter, Will Delker, Sr. Assistant Attorney for the Criminal Justice Bureau with the NH Attorney General's office, noted that current and former attorneys general have opposed expanded gaming in New Hampshire for 40 years.

During the Commissioners' open discussion, topics included the capacity and requirements of the state's gaming regulatory agencies and the need for reliable revenue and economic data.

October 6: Current status of gaming in other states

The meeting began with brief presentations by Dr. Bruce Mallory of the UNH/Carsey Institute about the plan for public deliberative sessions and Dr. Andy Smith of the UNH Survey Center about his polling effort. Dennis Delay of the Center then presented "The Gaming Landscape in New England." He was followed by Robert Ward, Deputy Director/Director of Fiscal Studies for the Nelson A. Rockefeller Institute of Government, which had just released a report, *For the First Time, a Smaller Jackpot: Trends in State Revenues from Gambling.* Summarizing the report's findings, Mr. Ward said, "Expanded gambling will generate more revenue, but the revenue over time will lag behind the growth in overall tax revenues and overall state expenditures."

Also presenting was G. Michael (Mickey) Brown, a former casino industry regulator in New Jersey turned casino executive (he was CEO of Foxwoods Resort Casino). Mr. Brown, who is now a gaming industry attorney and consultant, said current problems facing the casino industry are due to several factors, including market saturation, the economic turndown, high rates of taxation, and a tight capital market. Despite those challenges, he suggested that developers would find New Hampshire an attractive location for one or two full casinos (with both VLTs/slots and table games). He postulated that the state has an unsatisfied market made up of people who currently gamble elsewhere.

Commissioners then discussed a range of issues with the guest speakers, as detailed in the meeting minutes available on the web site.

October 20: Models of expanded gaming proposed for New Hampshire

This meeting consisted of presentations about various proposals to expand gaming in the state. Details about the presentations and supporting documents are available on the web site. A matrix prepared by the Center that summarizes each proposal, including fiscal, economic, regulatory, and other components, appears in the Appendix of this report. In general, presenters said expanded gaming would create significant new revenue and economic benefits for the state, without jeopardizing existing businesses. The new operations would also generate revenue needed to help finance programs for compulsive gambling and other social costs. Presenters indicated that the state and regional gaming market is strong enough to sustain all of their proposed operations.

Specific proposals discussed were:

- Millennium Management Group's proposal for Rockingham Park in Salem, which calls for a phased $450 million capital investment to support 5,000 VLTs.

- Sagamore Crossing Golf Resort and Convention Center, Hudson, which calls for a 300-room resort hotel and convention center that would include a casino with 135,000 square feet of gaming space with about 4,000 slot machines and 100 table games.

- New Hampshire Charitable Gaming LLC's proposal for a Berlin facility that would begin with 250 VLTs, 10 table games, and amenities.

- Macomber International's plan for Seabrook Greyhound Park, which calls for renovation of the current facility, including a new gaming component that will include VLTs.
- The Lodge at Belmont, which discussed options besides just slot machines, such as "Instant Racing."

After the presentations, commissioners engaged in a roundtable discussion among themselves and with the presenters about the proposals and other topics, as detailed in the full minutes.

November 3: Gaming revenue potential and other topics

The meeting began with Alice DeSouza, Director of the NH Division of Travel and Tourism Development, describing how the state brands itself to attract tourism and new business to the state. Following that discussion, the Commission heard a panel discussion led by Paul Kelley, Director of the NH Racing and Charitable Gaming Commission. Panelists were Averill Cate of American Legion Post #21 in Concord; James Chase of Bektash Shriners in Concord; Les Nishi, Seacoast Fundraising; and Jamie Timbas, Universal Gaming. Panelists discussed charitable gaming operations and issues and how funds raised support various charitable groups throughout the state. Rick Wisler, Executive Director of the NH Lottery Commission, then spoke. Among other points, he estimated that his agency would need only five to seven additional staff if VLTs were added to the New Hampshire gaming mix under control of the Lottery.

The commissioners' roundtable discussion touched on numerous points, including the need for supporting information for the summary numbers presented by Mr. Kelley, the number and wage levels of jobs that expanded gaming might create, and costs and other requirements for governance and law enforcement for expanded gaming.

November 17: Social impact/costs of gaming

To begin the meeting, Dr. Andrew Smith of the UNH Survey Center reported to the Commission on results of the Fall Granite State Poll, which included several questions on the topic of gaming/gambling in New Hampshire. (See appendix for the survey results).

The next presenter was Thomas Boucher, who is the owner/CEO of Great NH Restaurants, Inc., a board member of the Granite State Coalition against Expanded Gambling, and a past chairman of the NH Lodging and Restaurant Association (2005). In his presentation, Mr. Boucher expressed opposition to the expansion of gaming in the state, a position he said was based on his decades of experience in the restaurant business and from serving on trade-associated boards at the state and national level.

After Mr. Boucher's presentation, Granite State Coalition Against Expanded Gambling Chair Jim Rubens introduced a set of speakers about social costs and other impacts of gaming. Dr. Earl Grinols, Professor of Economics at Baylor University's Hankamer School of Business, summarized his findings relative to gambling benefits and costs, which conclude that gambling creates $3 of social and other costs for every $1 of benefits. Dr. Grinols asserted that slots are far more conducive to addictive gambling than other forms.

The next presenter, Dr. Kevin Harrigan, Research Associate Professor with the University of Waterloo/Ontario Canadian Centre for Arts/Technology, discussed the design and operation of slot machines and VLTs. His basic message was that both kinds of devices are designed to contribute to faulty cognitions and addictiveness.

James Browning, Director for Development for Common Cause Pennsylvania, told the Commission that it is difficult to limit the influence of gaming interests once they have gained entry into a state. He urged the Commission to consider what the state's future would look like if the gaming industry were to expand in New Hampshire, especially its potential influence over the legislative and political process.

During the roundtable discussion, commissioners raised and discussed a number of topics, including the need to define and collect more information on "problem" and "pathological" gambling and appropriate responses to each. Some expressed concern about possible proliferation of gaming once it is expanded in New Hampshire, with some suggesting licensing limits as a way to prevent "creep."

Dec. 1: Various topics – no outside speakers.

Chairman Lietz provided an update on the public dialogue sessions to be conducted by the UNH/Carsey Institute in early 2010. A report about these hearings, supported through private donations to the University, will be provided to the Commission and included it in the final report.

The site visit team led by Commissioner Babson along with Commissioners Bailey and Pritchard and New Hampshire Center for Public Policy Studies Executive Director Steve Norton reported on their visit to Hollywood Slots in Bangor, ME. Commissioners Babson and Bailey met with the chief of police while Commissioner Pritchard interviewed Guy Cousins, Director of the Maine Office of Substance Abuse. Steve Norton met with local business and retail people in the vicinity of Hollywood Slots. Commissioner Bailey said the Bangor police chief reports no noticeable impact on crime rates in Bangor that can be attributed to the gambling facility. Commissioner Pritchard said her impression was "no harm no foul," that she perceived no major negative or positive impacts due to Hollywood Slots in Bangor. Steve Norton said size and levels of surrounding economic activity must be considered when comparing gaming operations. Bangor is an unusual case, he said, suggesting that the Commission visit facilities and locations more similar to those being proposed for New Hampshire.

Norton then gave the Commission an update on the Center's work to date and plans for further research and analysis. That presentation is available on the Commission web site and major aspects of it appear in the next section of this report. The meeting ended with discussion about topics to be covered in this Interim Progress Report.

Dec. 15: Various topics.

Dr. Bruce Mallory of the UNH/Carsey Institute discussed plans for a series of deliberative dialogue sessions to be conducted across the state during the spring. The results of those hearings will be shared with the Commission.

Following Dr. Mallory's presentation, the Commission heard a report from members about their Dec. 14 site visit to Mohegan Sun casino. Commissioners Babson, Bailey, Densmore, Pritchard, Feldstein, and Lietz, along with Dennis Delay of the Center, discussed their impressions after meeting with both casino executives and elected officials in towns surrounding the facility.

The next item was a review and discussion of the final draft of the Interim Progress Report. Final changes will be made in the report, which was scheduled to be presented to the Governor on December 21.

Finally, commissioners held a round table discussion about the Commission's efforts to date and its future activities, including additional meetings to gather facts, site visits, and a public hearing process.

Part II

Overview of Gaming in New Hampshire and New England

This section is derived from A Brief Report on Gambling in New Hampshire*, a December 2009 report by the New Hampshire Center for Public Policy Studies. The full report is available on the Commission's web site, as well as the Center website (www.nhpolicy.org).*

Section 1: A legislative history of gambling in New Hampshire

Horse and dog racing

Salem's Rockingham Park opened on June 28, 1906, for a 21-day horse racing meet. Since gambling was illegal in New Hampshire, betting was shut down after only three days.[1] The meet continued with the wagering gone underground. After that meet, thoroughbred racing came to a stop. Rockingham Park instead hosted non-wagered horse racing, military training for World War I, fairs, motorcycle races and other events for the next two decades. On April 23, 1933, gambling was legalized in New Hampshire and Salem voted 617-2 to restore racing at the Salem oval in a special town meeting. In 1936, the New Hampshire Jockey Club, controlled by Lou Smith, was formed and assumed ownership of the track. By then, the track was providing a major source of revenue to the state coffers.

Greyhound dog racing in New Hampshire began in 1972, when the Hinsdale Raceway on the Vermont border added a dog track to its existing harness racing facility.[2] In 1973, Seabrook Greyhound Park opened as a track devoted exclusively to dog racing. A third track, The Lodge at Belmont, opened in 1975 as Berenson's Belmont Greyhound Track. Seabrook was the largest of the three tracks. It was a Class A track, meaning it was among the tracks offering the strongest competition and highest purses. It was founded by members of the Carney family, who had been heavily involved for many years in both horse and dog racing in Florida and New England.

At one point, revenue from horse and dog racing was a significant share of the state budget, comprising about 10 percent of the state's General Fund revenues in the late 1970s. The importance of racing as a state revenue source was illustrated in the state's reaction to the near destruction of Rockingham Park in a fire on July 29, 1980, which left the track shuttered for four years. The loss of revenue was considerable at that time[3] and House Speaker Tucker formed a special joint legislative committee on Rockingham Park in 1981 to assist the owners in rebuilding.

But even as Rockingham Park was rebuilt and reopened, public interest in dog racing and horse racing was starting to decline. State revenues from racing dropped from $12 million in 1991 to $2 million in 2009. In 2009, no dog races were run at any of New Hampshire's tracks. Virtually all revenue from New

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[1] History of Rockingham Park, http://www.rockinghampark.com/
[2] http://www.grey2kusa.org/pdf/historyNH.pdf
[3] History of Rockingham Park, ibid

Hampshire horse and dog racing establishments now comes from simulcast and pari-mutuel wagering on races in other states.

The New Hampshire Lottery

New England had no legal lottery in modern times until New Hampshire adopted a sweepstakes in 1964, the first state in the nation to do so. Local option voting on March 10, 1964 by special ballot allowed cities and towns in New Hampshire to either vote for or against the sale of Sweepstakes tickets. Only 13 of the state's 211 communities voted disapproval of the measure and sweepstakes tickets went on sale two days later, on March 12, 1964.[4]

Initially, lottery tickets were sold only in state liquor stores and a few other locations. The winning lottery ticket was based upon the outcome of a thoroughbred race at Rockingham Park. Rockingham's Lou Smith then inaugurated the New Hampshire Sweepstakes, patterned after the Irish Sweepstakes. The New Hampshire Lottery has continued to evolve from offering only one type of ticket that cost $3 to offering a variety of lotto-type games and numerous instant games. Sales have gone from $5.7 million in 1964 to more than $239 million in 2009. The New Hampshire Lottery's contribution to education has increased from $7 million in 1984 to $70 million in 2008.

Charitable Gambling

Charitable gambling in New Hampshire includes Bingo, Lucky 7 and table games of chance, such as poker and roulette. The charities typically lose money in bingo games but make up the losses from selling Lucky 7 tickets. In calendar year 2008, New Hampshire charities had a net loss of $4,486,721 in bingo games while they had a net profit of $11,968,295 in Lucky 7 sales for an overall net profit of $7,481,574 from bingo and Lucky 7. State annual revenue from charitable gambling is about $1.7 million.[5]

Bingo, formerly regulated as beano, has been legal in New Hampshire since 1949. In 1949, RSA 287 was enacted to regulate beano. In 1983, RSA 287 was repealed and re-enacted as RSA 287-E to regulate bingo. A tax of 5% was imposed in 1983 on winner-take-all games. That tax was raised to its current level of 7% in 1990. In 2004, authority for administration of bingo was transferred from the Lottery Commission and enforcement of bingo was transferred from the Department of Safety to the Racing and Charitable Gaming Commission on January 1, 2005.

Lucky 7 has been legal in New Hampshire since 1949. A fee of $15 per deal of pull tab tickets and $6 per deal of bag tickets was enacted in 1990 and, in 2004, authority for administration of Lucky 7 was transferred from the Lottery Commission and enforcement of Lucky 7 was transferred from the Department of Safety to the Racing and Charitable Gaming Commission on January 1, 2005.

Games of chance have been legal in New Hampshire since 1977. Authority for administration and enforcement of games of chance was expanded and transferred from the Attorney General's office and the local chiefs of police to the Racing and Charitable Gaming Commission on July 19, 2006. Legislation effective July 1, 2008 assessed a new fee on games of chance, which generate revenue to the General

[4] NH Lottery Commission and History of Rockingham Park.
[5] NH Racing and Charitable Gaming Commission.

Fund, net of expenses. Those fees totaled over $736,000 for the last six months of 2008, resulting in a transfer to the general fund of $618,000 (representing net revenue for July through November 2008).

Efforts to expand gambling

Many attempts were made to expand gambling in the state during the 1990s[6]. In 1992, the New Hampshire Legislature considered seven gambling-related bills, but none became law. Proponents, who envisioned riverboat gambling on Lake Winnipesaukee and gambling rooms in White Mountain resorts, saw casino gambling as a new revenue source and economic boon.[7]

In 1994, the "Brown Commission" looked at establishing a casino at the former Pease Air Force base, which a December 1994 report by Urban Systems estimated could generate $74 million to $90 million to the state in the first year and $52 to $66 million by the fifth year of operation. In the late 1990s, Leisure Time Casinos and Resorts proposed bringing a 500-passenger vessel to Portsmouth to run a gambling operation, with a potential economic impact of up to $30 million a year. Both plans failed to gain Legislative approval.[8]

Governor Jeanne Shaheen (1997 to 2003) considered VLTs, along with an increase in the cigarette tax, as part of her effort to fund public education. Legalized video gambling was addressed specifically in Governor Shaheen's 2000 Blue Ribbon Commission for studying school-funding options. The report by researcher Ronald U. Mendoza concluded the state could collect as much as $242.2 million a year from VLTs, based on a tax of 44.8 percent on total annual revenues. Although the cigarette tax was increased during her administration, VLTs were not accepted by the Legislature.[9] Before Gov. Shaheen left office in 2003, several bills considered gambling as a state revenue source under some conditions, including legalizing off-track betting; establishing a state-owned casino; creating a committee to study a possible state-owned casino; and legalizing video lottery terminals at the state's four racetracks.

By 2003, the possibility of getting a video gambling bill through the State House seemed so remote that gambling companies dropped their New Hampshire lobbyists. Gov. Craig Benson promised to veto any proposal to expand gambling[10], and House Speaker Gene Chandler's leadership team helped kill a gambling bill in the 2004 session. While Gov. John Lynch (2005 to present) has refused to rule out expanded gaming in New Hampshire, he has also not expressed support, saying he needs to be certain that expansion would be in the best interest of the state.

In 2005, Millennium Gaming Inc., a Las Vegas-based owner of casinos, bought an option to purchase Rockingham Park in Salem. The Lodge at Belmont, a greyhound racing track in the Lakes Region, was purchased by Torguson Gaming Group Inc., a Nevada corporation based in Biloxi, Mississippi. And

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[6] "*A New Call Made For Casino Gambling Some See Gold, Others Fear Crime*" - Published on June 30, 1991, Tom Long, Boston Globe Staff

[7] "*Gambling Proposals Reviewed By Panel Bills Would Bring In Video Lotteries*" - Published on September 19, 1993 , Ralph Jimenez, Boston Globe Staff

[8] "*Gaming Ship Rolls The Dice In N.H. State Law May Block Cruises*", Published on August 10, 1998, Associated Press, Boston Globe

[9] "*Vote Scuttles Shaheen Plan For Two Year State Still Scrambling For Cash For School-Funding Deal*", Kevin Landrigan, Nashua Telegraph, May 14, 1999

[10] http://www.nytimes.com/2003/05/01/us/revised-view-of-gambling-bane-is-now-boon.html?pagewanted=all

Delaware North Companies, a hospitality conglomerate that also runs gambling operations, took over management of The Balsams, a North Country resort seen as a potential casino site. Also in 2005, Sen. Ted Gatsas, an owner of several racehorses that were profitable at New Hampshire and New York tracks, introduced SB225, a plan to generate as much as $200 million a year for the state budget by legalizing gambling on slot machines at seven locations.[11] The House enacted HB522, establishing a commission to study gambling options. The Commission's final report in June 2006 included several hundred pages of extensive study and research, but no recommendation for legislation.[12]

In 2006, the New Hampshire Legislature voted to allow for-profit companies to operate games of chance at so-called poker parlors, requiring that at least 35 percent of profits go to charity. As a result, 12 companies were licensed to run 16 poker parlors across the state.

On January 4, 2007, HB637 -FN-A-L was introduced, establishing a gambling oversight authority and video lottery gambling. The bill was defeated just about a year later. Another bill, SB306 –FN, to allow video gambling in Coos County, a casino in Berlin, and establishing a fund to assist with the payment of property taxes (sponsored by Senator Gallus) was tabled on March 13, 2008. On May 12, 2008, HB1172 –FN, which changed the name of the pari-mutuel commission to the Racing and Charitable Gaming Commission, was signed into law.

In August 2007, the House Ways and Means Committee appointed three subcommittees to study potential revenue sources to fund education, including an income tax, sales tax and casino gambling. On October 23, 2008, the House Ways and Means Interim Study Committee on Casino Gambling to study HB886-FN-A-L, relative to funding an adequate education, voted 5-1 to recommend the introduction of future legislation for the use and operation of video lottery terminals.

On March 4, 2009, HB593 -FN-A, which would have authorized the licensing and construction of destination resorts with gambling facilities including table gambling and video lottery machines and authorizing gambling facilities at existing pari-mutuel licensees, including table gambling and video machines, was defeated in the House. A week later, two expanded gambling bills (SB169 and SB179) were introduced in the Senate. both were tabled. SB169, filed by Sen. Gatsas, would have enabled a state-run video lottery with machines at six locations to be licensed and selected competitively, based on enumerated criteria. SB169 gave no preference for existing pari-mutuel locations and called for no more than 1000 machines at any one location and no more than 5500 statewide. The bill contained no casino provision.

SB179 -FN-A-L, which provided for the recovery of horse racing, called for expanded gambling operations in the North Country and at pari-mutuel locations. Sponsored by Senator Lou D'Allesandro *et al*, the bill was also tabled on March 11, 2009. However, at the Committee of Conference on HB2, the Senate Finance Committee inserted language into the trailer bill that was essentially a modified version of

[11] "*Gambling Bill Hangs On Key Votes*", Kevin Landrigan, Nashua Telegraph, April 6, 2005
[12] Based on information on the website of the New Hampshire State Legislature (http://www.gencourt.state.nh.us/). The Commission is grateful to Nancy Levinus of the legislative staff for her guidance and support in compiling this history.

SB179. That language is in the April 23, 2009 version of the Senate Finance Amendment to HB2 under Chapter 284-A, (Video Lottery Machines). Expanded gambling was projected to net the state $90 million in 2010 and $115 million in 2011.[13]

The particulars of SB179 and the Senate Finance amendment are nearly identical to the proposal submitted by Millennium Management Group (Rockingham Park) to the New Hampshire Gaming Study Commission on October 20, 2009. The amendment and the Millennium proposal called for 5,000 VLTs at Rockingham Park and 2,000 each at Belmont and Seabrook, with the possibility of another 1,000 VLTs in the North Country. Licensing fees were estimated to be $50 million for horse tracks, $20 million for dog tracks, and $10 million for North Country. The tax rate was 49%; 40% to state GF, 3% to town, 1% to county, 2% problem gambling, 1% tourism, 1% safety, and 1% purse.

The Senate amendment language was removed from HB2 in its final version for 2009, as expanded gambling once again failed to make it through the New Hampshire State House. Finally, in the 2009 session, the state enacted a 10 percent Gambling Winnings tax, estimated to yield $5.9 million in FY2010 and $7.9 million in FY2011.

Section 2: Prevalence of gambling by New Hampshire residents

According to a 2007 Lifestyle Gallup Poll that examined gambling in America, 65 percent of adults 18 and over have taken part in some form of legal gambling, with lotteries being the favorite form for most Americans. The poll reported that 46 percent of American adults reported buying a lottery ticket in the prior 12 months, while 14 percent gambled on sports in an office pool. General gambling behavior is significantly related to household income, with gambling activity much more common among higher-income (72 percent) than lower-income (55 percent) Americans. Middle-income Americans, at 66 percent, are closer to higher-income Americans in their gambling activity.

[13] http://gencourt.state.nh.us/scaljourns/calendars/2009/sc%2026a.html

Table 1: Common Forms of Gambling in America – 2007 Gallup Organization[14]

Most Common Forms of Gambling

Based on all Americans

	Yes	No
	%	%
Bought a state lottery ticket	46	54
Visited a casino	24	76
Participated in an office pool on the World Series, Super Bowl, or other game	14	86
Played a video poker machine	12	88
Done any other kind of gambling not mentioned here	9	91
Bet on a professional sports event such as baseball, basketball, or football	7	93
Played bingo for money	7	93
Bet on a horse race	5	95
Bet on a college sports event such as basketball or football	4	96
Bet on a boxing match	3	97
Gambled for money on the Internet	2	98

Dec. 6-9, 2007

GALLUP POLL

A number of New Hampshire-specific studies suggest that the prevalence of gambling within New Hampshire is likely consistent, or slightly lower, than the national average. One such estimate of gambling prevalence can be found in Appendix 10 of the November 2009 New Hampshire State Park System Ten-Year Strategic Development and Capital Improvement Plan.[15] According to this research, about 17 percent of New Hampshire residents have gambled at a casino in the last twelve months, and 37 percent have purchased a state lottery ticket.

[14] http://www.gallup.com/poll/104086/One-Six-Americans-Gamble-Sports.aspx, Results are based on telephone interviews with a randomly selected national sample of 1,027 adults, aged 18 and older, conducted Dec. 6-9, 2007. For results based on this sample, one can say with 95% confidence that the maximum error attributable to sampling and other random effects is ±3 percentage points.

[15] http://nhstateparks.org/uploads/Appendix%2010%20-%20Regional%20Demographics.pdf
The data was compiled by economist Russ Thibeault from demographic analysis created by the Environmental Systems Research Institute, Inc. (ESRI), www.esri.com. The data are based on national propensities to use various products and services, applied to local demographic composition. Usage data were collected by Mediamark Research, Inc. in a nationally representative survey of US households.

Table 2: Estimates of Gaming in New Hampshire, Massachusetts and the United States

	New Hampshire		Massachusetts		United States	
ESRI Market Potential Estimates	Adults	Percent	Adults	Percent	Adults	Percent
Gambled at a casino in the last 12 months	179,461	17.3%	951,445	18.9%	39,006,348	16.6%
Gambled at a casino 6+ times in the last 12 months	26,679	2.6%	133,721	2.7%	6,168,879	2.6%
Gambled at a casino in Atlantic City 12 months	28,519	2.7%	250,396	5.0%	7,639,693	3.3%
Gambled at a casino in Las Vegas 12 months	52,115	5.0%	301,566	6.0%	11,638,870	5.0%
Attended horse races in the last 12 months	27,988	2.7%	159,273	3.2%	6,479,288	2.8%
Played bingo in the last 12 months	42,387	4.1%	197,566	3.9%	10,251,278	4.4%
Bought a Lottery ticket in the last 12 months	383,992	37.0%	1,917,143	38.1%	83,120,114	35.4%
Bought a Lottery ticket in the last 12 mo: Daily Drawing	49,595	4.8%	294,075	5.8%	12,167,354	5.2%
Bought a Lottery ticket in the last 12 mo: Instant Game	171,479	16.5%	809,169	16.1%	37,547,348	16.0%
Bought a Lottery ticket in the last 12 mo: Lotto Drawing	254,877	24.5%	1,262,797	25.1%	53,818,747	23.0%
Played Lottery: <2 times in last 30 days	130,261	12.5%	659,554	13.1%	28,366,663	12.1%
Played Lottery: 2-6 times in last 30 days	147,545	14.2%	701,633	13.9%	30,926,882	13.2%
Played Lottery: 7+ times in last 30 days	106,229	10.2%	556,992	11.1%	24,041,558	10.3%

Source: ESRI.com and Mediamark Research, Inc.

The New England Gaming Behavior Survey from UMASS-Dartmouth interviewed 3,981 New England residents from December 20, 2008 through March 13, 2009, including 425 New Hampshire residents.[16] A majority (56 percent) of New Hampshire residents already participate in some form of legal gambling. The most frequent form of gambling among New Hampshire residents is the state lottery, including both lotto games (50 percent) and scratch tickets (42 percent), with casino gambling ranking as the third most prevalent form of gambling among the state's residents. In 2008, approximately 21 percent of New Hampshire residents gambled at a casino at least once in the last twelve months, with Foxwoods and Mohegan Sun ranking as the top two destinations.

A recent survey from the University of New Hampshire conducted on behalf of the Gaming Commission provided lower estimates, due to significant differences in the survey and the questions asked. This survey[17] showed lower prevalence than in the UMASS study. However, the UNH survey limited its questions to activity in the last three months, as opposed to within the last year. In the UNH survey, 502 New Hampshire adults were interviewed by telephone between October 2 and October 9, 2009. Four in 10 New Hampshire adults (41 percent) say they have purchased a ticket for a New Hampshire Lottery game that involves the drawing of winning numbers in the last three months, 33 percent purchased a New Hampshire Lottery scratch ticket, 10 percent say they have traveled to a casino outside New Hampshire, 2 percent reported to have participated in a poker game for charity, and 1 percent visited a horse or dog racing track.

[16] Barrow C. "Playing the Odds 2" Center for Policy Analysis, University of Massachusetts – Dartmouth. 2009. http://www.umassd.edu/seppce/policyanalysis/docs/playing_the_odds_2.pdf, Dr. Barrow reports a margin of error of +/- 1.6%. This report was not published in a peer reviewed journal.
[17] http://www.nh.gov/gsc/calendar/documents/20091117_unh.pdf. This study was not published in a peer reviewed journal.

Section 3: Legal Wagering by New Hampshire Residents

According to the state agencies that regulate legal wagering in New Hampshire, New Hampshire residents legally wager between $700 million and $1 billion per year. The low-end estimate above includes $261 million in wagering on games under the control of the New Hampshire Lottery Commission, $352 million in wagering in games under the control of the New Hampshire Racing and Charitable Gaming Commission, plus almost $80 million wagered by New Hampshire residents at New England casinos. The higher estimate can be found in recent Department of Revenue calculations of returns to the new state Gambling Tax, which implies legal wagering by New Hampshire residents at closer to $1 billion per year.

These estimates of legal wagering by New Hampshire residents do not include lottery tickets purchased by New Hampshire residents out of state or visits to legal casinos outside of New England (in Atlantic City, Las Vegas, other non-New England states and Canada, for example). The legal wagering estimate also does not include online gambling or illegal wagering by New Hampshire residents (e.g., office pools).

Total personal income in New Hampshire is estimated to be $56.3 billion[18] in 2009, which means close to 2 percent of New Hampshire's wages and other income is spent on gambling.

Types of Legal Wagering in New Hampshire

The State Lottery

According to the New Hampshire Lottery Commission, games run under their direction collected $261 million in revenue in FY2008, which represents the total amount of purchases of scratch tickets, Powerball tickets, etc.[19] Prizes were $155 million and total expenses (including prizes) amounted to $186 million. The Lottery Commission sent $75 million to the state education trust fund in FY2008.

The following breaks down $261 million in Lottery receipts in FY2008 by major game:

• Instant Games (scratch tickets)	$184.0 million
• Powerball	$46.4 million
• Tri State Megabucks	$10.5 million
• Tri State Daily Pick 3 Pick 4	$10.5 million
• Tri State Other Games	$5.8 million
• Hot Lotto and MUSL Games	$3.5 million

[18] Source: Bureau of Economic Analysis, 2nd Quarter of 2009, reported at an annual rate.
[19] Source: New Hampshire Lottery Commission 2008 CAFR, available on the Commission's website.

New Hampshire Racing and Charitable Gaming

The Racing and Charitable Gaming Commission is responsible for the regulation and enforcement of racetracks, bingo, Lucky 7 and games of chance.[20] According to the Racing and Charitable Gaming Commission, approximately $350 million was wagered on pari-mutuel racing and charitable gaming in New Hampshire in 2008:

Racetracks pari-mutuel wagers:	$224,574,970
Bingo:	$17,869,831
Lucky-7 Tickets:	$64,658,752
Charitable Games of Chance:	$45,199,286
Total:	$352,302,839

(Source: 2008 Commission report)

Virtually all wagering at the state's horse and dog racetracks is on simulcast and pari-mutuel wagering for races run in other states. In the most recent year, state revenue from simulcast wagering was $2,679,909, while state revenue from live racing was only $44,036. There has been no live thoroughbred racing in New Hampshire since 2004 and live greyhound racing has declined from 877 races in 2002 to 147 races in 2008.

Bingo and Lucky 7 ticket games are run for the benefit of charitable organizations in New Hampshire. The charities typically lose money in Bingo games but make up the losses from selling Lucky 7 tickets. In calendar year 2008, New Hampshire charities had a net loss of $4,486,721 in Bingo games, while they had a net profit of $11,968,295 in Lucky 7 sales for an overall net profit of $7,481,574 from Bingo and Lucky 7.

Games of chance (including poker, roulette, etc.), also called table games, have also been legal for the benefit of charities in New Hampshire since the late 1970s. Of the total $45 million wagered in 2008, $32.7 million was returned to the players. The difference between the amount wagered and money returned to players consisted of $7.6 million retained by the private operators for fees and other expenses, $4.6 million distributed to the charities and $793,000 to state's general fund revenue.

[20] Source: New Hampshire Racing and Charitable Gaming Commission report for 2008.

New Hampshire Gambling at Casinos in New England

A recent study, which based its findings on a count of license plates at New England gambling facilities, estimated that New Hampshire residents spent $79.3 million at those gambling facilities, indirectly paying $11.3 million in gambling and sales taxes to Connecticut, Rhode Island and Maine.[21]

According to the study, New Hampshire residents spent:

- $46 million at Foxwoods (Connecticut)
- $30 million at Mohegan Sun (Connecticut)
- $2.5 million at Twin River (Rhode Island)
- $0.2 million at Newport Grand (Rhode Island)
- $0.8 million at Hollywood (Maine)

Estimate of Revenue from the Gambling Winnings Tax

Another estimate of the total amount of legal wagering by New Hampshire residents can be found in the gambling winnings tax established in the 2009 legislative session, which imposes a new tax of 10 percent on:

- (a) Gambling winnings of New Hampshire residents from anywhere derived. (based on IRS form W2G)
- (b) Gambling winnings of nonresidents of New Hampshire derived from New Hampshire entities.

The New Hampshire Department of Revenue Administration (DRA) estimated that the Gambling Winnings tax will yield $5.9 million in FY2010, and $7.9 million in FY2011[22]. Dividing these values by ten percent (the amount of the tax) means that DRA estimates "base" gambling winnings in New Hampshire at $59 million in 2010 and $79 million in 2011. If we further assume that reported winnings represent 5-10 percent of all (legal) wagers, according to DRA estimate total (legal) wagers by New Hampshire residents could be as high as $1 billion.

[21] Source: UMASS/Dartmouth 9/16/2008. This study was not peer reviewed and the methodology – using a random sample of automobile licenses to describe gambling behavior by state – has come under fire for its accuracy. The Center attempted to confirm this information by asking gambling facilities in Connecticut to provide information on New Hampshire residents at their facilities, but no information was provided.

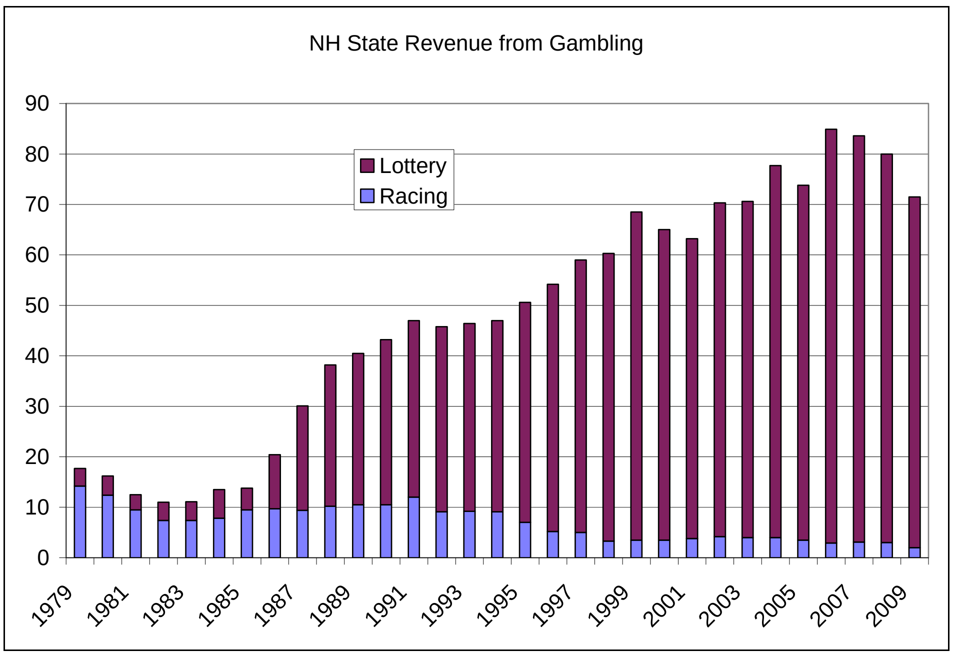
[22] Estimates adopted by the New Hampshire Legislature in June 2009.

Section 4: New Hampshire's reliance on state gambling revenue

Though gambling has been an important source of state revenue over the last several decades, the state's dependence on gambling revenue has generally been on the decline. As a result of the recent recession, gambling revenue has contracted, along with other sources of revenue from business and households.[23]

The following graph shows revenue the state has received from racing and the lottery from 1979 through 2009. In 1979, racing returned over $14 million to state coffers, while the lottery returned less than $4 million. As racing revenues declined in the 1980s and 1990s, lottery revenues increased as the Lottery added Tri-State Megabucks, Powerball, and, most importantly, instant games.

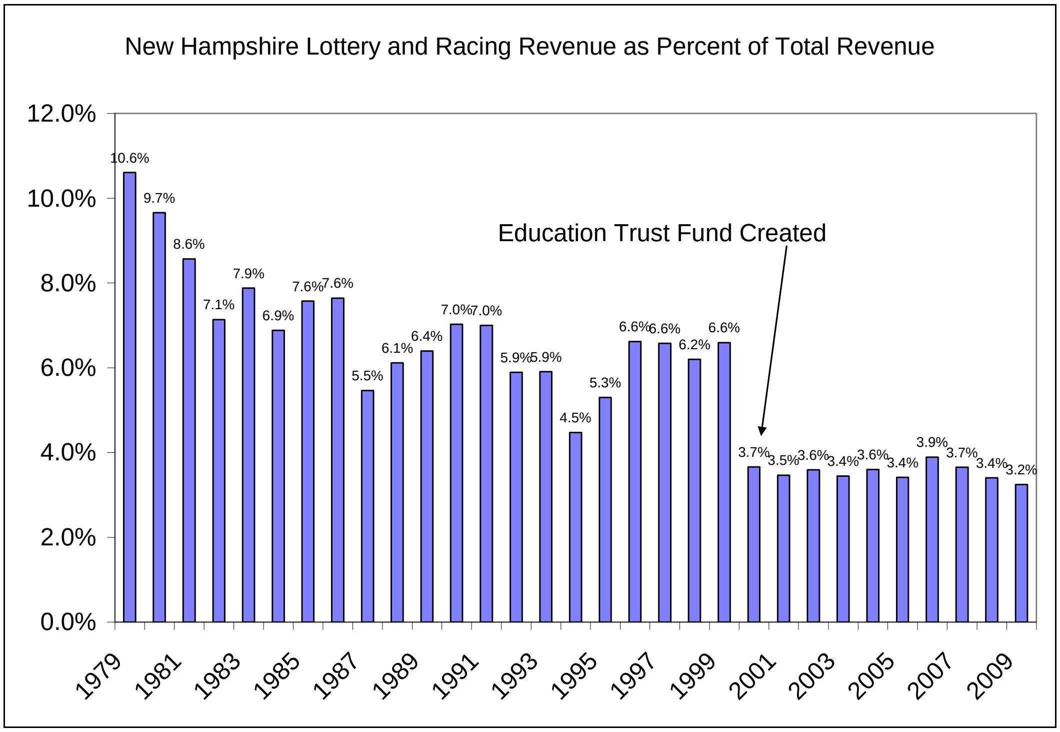
Figure 1: New Hampshire State Revenue from Gambling in Millions of Dollars



Lottery and racing revenue were more than 10% of total state revenue in 1979. But by 2009, even with the rise in gambling revenues coming from the Lottery, gambling revenues represented only 3.2% of the state General Fund and Education Trust Fund.

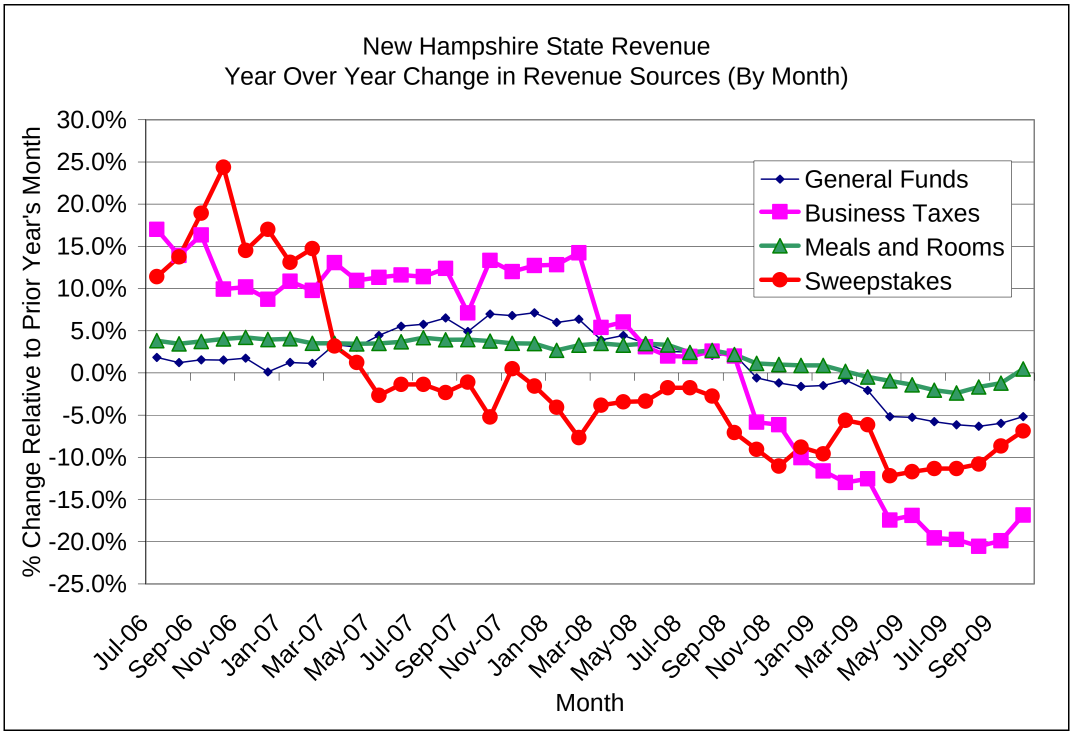
[23] Source for all of the data in this section: New Hampshire Department of Revenue and New Hampshire Department of Administrative Services, Financial Reporting Bureau.

Figure 2: Gambling Revenue as a Percent of Total State Revenue



New Hampshire revenue from gambling has not been immune to the effects of the Great Recession of 2008. New Hampshire Lottery revenues weakened about one year before New Hampshire business revenues began to decline.

Figure 3: Percent Change in Selected New Hampshire State Revenues

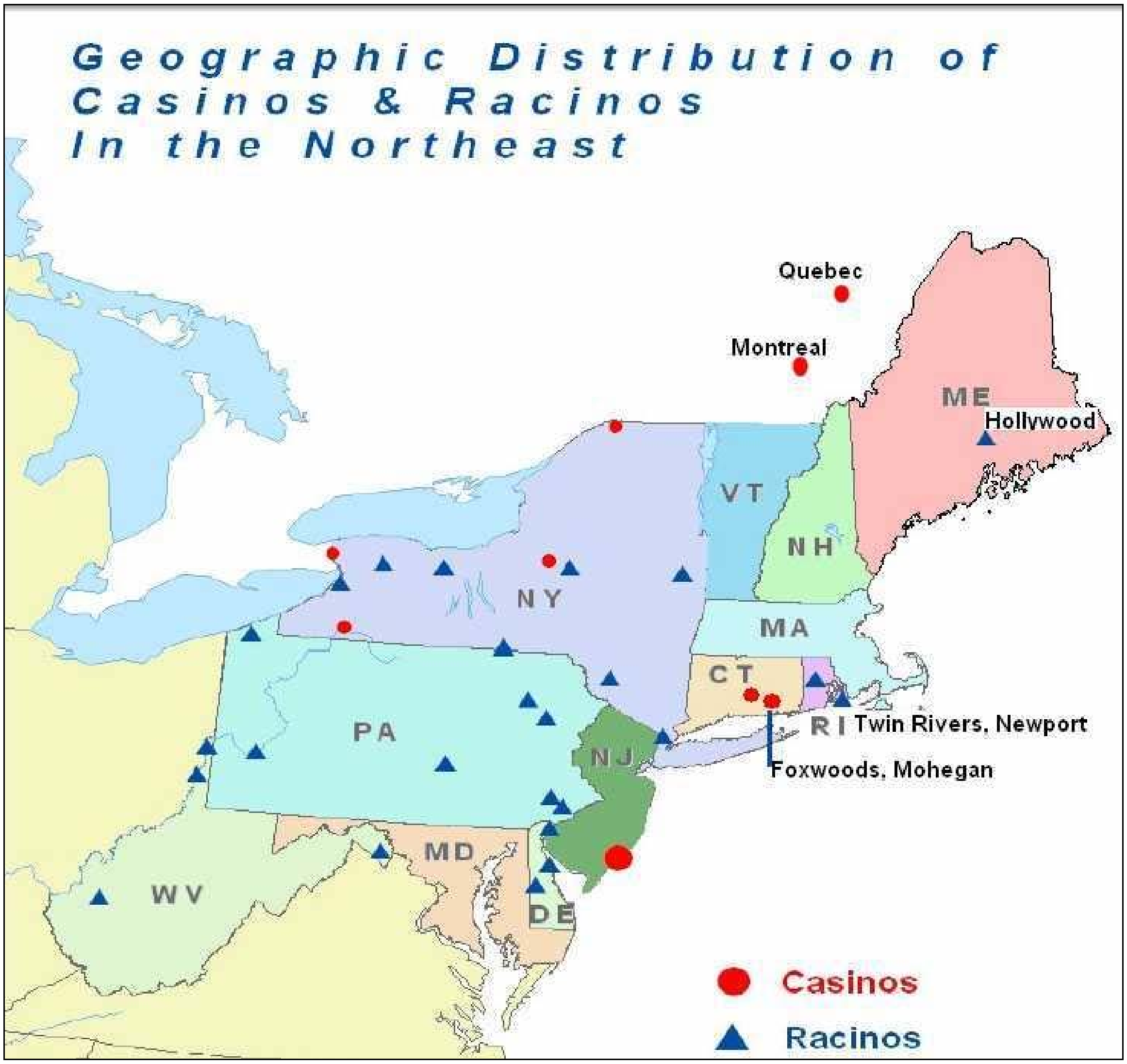


Section 5: Gambling facilities in New England

This section presents statistics on gambling, including recent legislative activity, for each of the six New England states. Statistics on gambling in each of the states were collected from the American Gaming Association and data collected by the Rockefeller Center. Recent legislative activity or changes in the gambling environment were derived from published news reports. The Center has not independently verified this information.

Every state in New England, to a greater or lesser degree, has a state-run lottery, charitable gambling, racing and other legal wagering. Connecticut is home to the two largest tribal casinos in the country, while Rhode Island hosts one of the largest racinos in the United States. The following map, reproduced from the Center for Policy Analysis, University of Massachusetts at Dartmouth, shows the location of casinos and racinos in the Northeast.

Graph 4: Casinos and Racinos in the Northeast United States



Source: Center for Policy Analysis (CFPA) at the University of Massachusetts Dartmouth, 2009

Connecticut

Gambling statistics

Current Number of Facilities	**2 casinos**		
Public/private arrangement	Tribal State Gaming Compact	**Gambling, Including Lotteries, etc.**	
Number of employees	22,000	**Other Legal Gambling (1)**	
Gross Gaming Revenue	$1.6 billion	State Lottery	Yes
Gaming Tax Revenue	$411 mill	Pari-mutuel Wagering	Yes
Number of Slot Machines	15,000	Charitable Gaming	Yes
Slots Winnings per Day (12/08)	$306	Convenience (KENO)	No
How Are Taxes Spent?	General Fund, Local Communities	**State Gambling Revenue (mill)(2)**	
Legalization Date	1993	FY2008	$700
First Casino Opening Date	1994	FY2009	$666
State Gaming Tax Rate	25%	Percent change	-4.9%
Mode of Legalization	Tribal casino, separate government	Sources	
Size of the Market (1)	$1.571 bill	1 American Gaming Association	
Market Rank in the US	4th	2 Nelson A. Rockefeller Institute of Government	

Charitable Gambling is regulated by the Division of Special Revenue. Annual volume is about $44M with $15M going to charities.

Recent Media Coverage, Legislation, Public Activity or State Reports

- Foxwoods faces financial problems. With more than $2 billion in debt from expansion, the resort is fighting an uphill battle against sliding revenues because of the economy and increased competition from newer venues. More than 700 layoffs in the last year, or about 6 percent of the workforce, and slot revenues at the casino continued to drop, plunging 13 percent in July to $63.2 million compared with a year ago. (Boston Globe, 9/13/09)

- "A state-ordered study has concluded that Connecticut casinos are indeed doing well, but that the state is not doing a good job of regulating the industry. Changes are needed to help slow the growth of problem gambling." (Spectrum Gaming Group, June 22, 2009)

- Gambling in Connecticut: Analyzing the Economic and Social Impacts; Spectrum Gaming Group; http://www.ct.gov/dosr/lib/dosr/june_24_2009_spectrum_final_final_report_to_the_state_of_connecticut.pdf

Maine

Gambling Statistics

Current Number of Facilities	**1 racino**		
Public/private arrangement	Privately operated with slot machines	**Gambling, Including Lotteries, etc.**	
Number of employees	324	**Other Legal Gambling (1)**	
Gross Gaming Revenue	$50 mill	State Lottery	Yes
Gaming Tax Revenue	$25 mill	Pari-mutuel Wagering	Yes
Number of Slot Machines	1,000	Charitable Gaming	Yes
Slots Winnings per Day (12/08)	$187	Convenience (KENO)	No
How Are Taxes Spent?	Education, health care, racetracks, City of Bangor	**State Gambling Revenue (mill)(2)**	
Legalization Date	2004	FY2008	$70
First Casino Opening Date	2005	FY2009	$76
State Gaming Tax Rate	50%	Percent change	8.6%
Mode of Legalization	Local option vote, legislative action	Sources	
Size of the Market (1)	$50 mill	1 American Gaming Association	
Market Rank in the US	NA	2 Nelson A. Rockefeller Institute of Government	

Charitable Gambling is regulated by the Maine State Police. No statistics were found.

Recent Media Coverage, Legislation, Public Activity or State Reports

- "Penn National's Hollywood Star in Bangor continues to enjoy slot machine exclusivity in the state and has experienced a solid rate of growth, with a 31.7 percent increase for the first six months of 2009 compared to the previous year-to-date." (Gaming & Resort Development, 2009)

- "The city of Bangor is preparing for the possible expansion of gambling at the state's only racino, Hollywood Slots Hotel and Raceway. Currently, only slot machines are offered. But the racino owners would like to include table games, such as poker and blackjack. Talk of expanding the facility into a casino has been around since Hollywood Slots opened, but such a change would require legislative approval." (http://www.mpbn.net/News/MaineNews/tabid/181/ctl/ViewItem/mid/3475/ItemId/9075/Default.aspx)

- Backers are proposing a new casino to raise money for public schools and colleges, dairy farms and Indian tribes. They envision a deluxe resort casino with slot machines and table games in Oxford County. (Portland Press Herald, 10/16/09)

Massachusetts

Gambling Statistics

Current Number of Facilities	**none**		
Public/private arrangement	NA	**Gambling, Including Lotteries, etc.**	
Number of employees	NA	**Other Legal Gambling (1)**	
Gross Gaming Revenue	NA	State Lottery	Yes
Gaming Tax Revenue	NA	Pari-mutuel Wagering	Yes
Number of Slot Machines	NA	Charitable Gaming	Yes
Slots Winnings per Day (12/08)	NA	Convenience (KENO)	Yes
How Are Taxes Spent?	NA	**State Gambling Revenue (mill)(2)**	
Legalization Date	NA	FY2008	$913
First Casino Opening Date	NA	FY2009	ND
State Gaming Tax Rate	NA	Percent change	
Mode of Legalization	NA	Sources	
Size of the Market (1)	NA	1 American Gaming Association	
Market Rank in the US	NA	2 Nelson A. Rockefeller Institute of Government	

Charitable Gambling is regulated by the Massachusetts Lottery Commission. The annual volume is about $111 million.

Recent Media Coverage, Legislation, Public Activity or State Reports

- On Oct. 11, 2007, Governor Deval Patrick filed legislation that would have authorized up to three destination resort casinos in the Commonwealth of Massachusetts. http://www.mass.gov /Agov3/docs/Legislation/2007_10_11_resort_casino_bill.pdf. That bill failed to pass the House. However, the Governor, House Speaker, and Senate President now support some form of expanded gaming and a new effort is expected in 2010.

- "A newly formed alliance of gambling industry executives and compulsive gambling experts is hosting its first educational forum today at Suffolk Downs as state lawmakers ready to revisit expanding gambling later this year. Officials from Mohegan Sun, Suffolk Downs, Wonderland Greyhound Park, state Racing Commission, Nova Scotia Gaming Corporation, the Missouri Gaming Commission, the Responsible Gambling Council of Ontario and the Massachusetts Council on Compulsive Gambling will attend the forum. This is the first event put on by the Massachusetts Partnership for Responsible Gambling, which was unveiled earlier this month." (Boston Herald, 9/21/09).

- Mohegan Sun officials made their pitch for a Palmer casino October 27, 2009 at the Sheraton during the first of its "community conversations" to be held around Western Massachusetts.

- Projecting and Preparing for Potential Impact of Expanded Gaming on Commonwealth of Massachusetts (Executive Summary); Spectrum Gaming Group; August 1, 2008 http://www.mass.gov/Ehed/docs/EOHED/MA_Gaming_Analysis_ExecSummary.pdf

New Hampshire

Gambling Statistics

Current Number of Facilities	**none**		
Public/private arrangement	NA	**Gambling, Including Lotteries, etc.**	
Number of employees	NA	**Other Legal Gambling (1)**	
Gross Gaming Revenue	NA	State Lottery	Yes
Gaming Tax Revenue	NA	Pari-mutuel Wagering	Yes
Number of Slot Machines	NA	Charitable Gaming	Yes
Slots Winnings per Day (12/08)	NA	Convenience (KENO)	No
How Are Taxes Spent?	NA	**State Gambling Revenue (mill)(2)**	
Legalization Date	NA	FY2008	$75
First Casino Opening Date	NA	FY2009	$68
State Gaming Tax Rate	NA	Percent change	-9.3%
Mode of Legalization	NA	Sources	
Size of the Market (1)	NA	1 American Gaming Association	
Market Rank in the US	NA	2 Nelson A. Rockefeller Institute of Government	

Recent Media Coverage, Legislation, Public Activity or State Reports

- New Hampshire Gaming Commission established July 2009. This Commission, consisting of 15 citizens of New Hampshire appointed by the Governor, will undertake the following tasks and report their findings to the Governor on or before June 1, 2010. The Commission will, as its primary charge review, research, analyze and develop findings on the impact of gambling in New Hampshire today as well as the foreseeable future.

Rhode Island

Gambling Statistics

Current Number of Facilities	**2 racinos**		
Public/private arrangement	Publicly run video lottery terminals with distribution to operators	**Gambling, Including Lotteries, etc.**	
Number of employees	1,310	**Other Legal Gambling (1)**	
Gross Gaming Revenue	$407.5 mill	State Lottery	Yes
Gaming Tax Revenue	$302.7 mill	Pari-mutuel Wagering	Yes
Number of Slot Machines	6,000	Charitable Gaming	Yes
Slots Winnings per Day (12/08)	$217	Convenience (KENO)	Yes
How Are Taxes Spent?	General Fund	**State Gambling Revenue (mill)(2)**	
Legalization Date	1992	FY2008	$356
First Casino Opening Date	1992	FY2009	$344
State Gaming Tax Rate	75%	Percent change	-3.4%
Mode of Legalization	Legislative action	Sources	
Size of the Market (1)	$407.5 mill	1 American Gaming Association	
Market Rank in the US	3rd	2 Nelson A. Rockefeller Institute of Government	

Charitable Gambling is regulated by the State Police. No statistics found.

Recent Media Coverage, Legislation, Public Activity or State Reports

- "The state's two slot operations experienced a 5.7 percent drop in gambling revenues through June, 2009, compared to the previous year. Revenues had grown by 6 percent in calendar 2008 compared to 2007. Twin Rivers, which generates the bulk of the revenues, declared bankruptcy in June 2009, burdened with a high level of debt, operating losses from its greyhound racing sector, and a $20 million per month minimum state fee. It has been proposing to close down the racing, but it was a key condition of its original licensing, while also seeking to extend operating hours." (Gaming & Resort Development news, 2009)

- "Narragansett Indians Tribal Councilman Randy R. Noka filed a complaint with the state Attorney General's Office alleging UTGR Inc., the parent company of Twin River, engaged in "false advertising" by calling the Lincoln gambling facility a "casino." In 2006, the Narragansetts had sought permission to build a casino in West Warwick. Voters rejected the proposal by a vote of 241,986 (63.05 percent) to 141,806 (36.95 percent). http://newsblog.projo.com/2009/08/providence-ri---27.html

- Rhode Island Special House Committee to Study Gambling in 2003 (Hearings related to proposed destination casino at West Warwick, RI) http://www.rilin.state.ri.us/gaming/

Vermont

Gambling Statistics

Current Number of Facilities	**none**		
Public/private arrangement	NA	**Gambling, Including Lotteries, etc.**	
Number of employees	NA	**Other Legal Gambling (1)**	
Gross Gaming Revenue	NA	State Lottery	Yes
Gaming Tax Revenue	NA	Pari-mutuel Wagering	Yes
Number of Slot Machines	NA	Charitable Gaming	Yes
Slots Winnings per Day (12/08)	NA	Convenience (KENO)	No
How Are Taxes Spent?	NA	**State Gambling Revenue (mill)(2)**	
Legalization Date	NA	FY2008	$23
First Casino Opening Date	NA	FY2009	$21
State Gaming Tax Rate	NA	Percent change	-8.7%
Mode of Legalization	NA	Sources	
Size of the Market (1)	NA	1 American Gaming Association	
Market Rank in the US	NA	2 Nelson A. Rockefeller Institute of Government	

There is no gambling agency that oversees charitable raffles, bingo and casino nights, but the Attorney General has an informational web page.

Vermont has no casino gambling.

Recent Media Coverage, Legislation, Public Activity or State Reports

- There are no serious proposals for expanded gambling or video slots in Vermont at present. Such proposals are usually defeated in the Legislature very quickly. (Conversation with Jeff Carr, Economic & Policy Resources, Inc., 9/25/09)

- "The state auditor thinks it is a good idea. So do the people of Killington, Vermont. Neither, however, has been able to convince lawmakers that a casino resort would be beneficial to the town. There are the usual groups that feel that improving the economy for residents of Vermont is not as important as keeping the gambling out. Lawmakers have been slow to adopt the plan. (http://www.casinogamblingweb.com/gambling-news/gambling-law/vermont_ignoring_state_auditor_s_advice_to_add_casino_gambling_50961.html)

Part III
Overview and discussion of major themes and issues

This section expands upon some of the broad themes listed in the Executive Summary. While other issues will emerge, further research into and discussion of these topics will be the Commission’s primary focus as it prepares its findings and final report.

Revenue considerations

During each biennium, the state faces the serious challenge of adjusting its revenue structure to meet budgetary requirements. Expanded gaming is a potential new revenue source and could also help the state recapture gaming dollars now likely being spent by some New Hampshire residents out of state. Expanded gaming facilities could also attract additional visitors – and their spending – to the state; New Hampshire’s ability to raise new gaming revenue is directly related to its ability to cut into money now being spent at gaming facilities outside of the state. However, any revenue gains from expanded gaming may at least in part be offset by losses in Lottery and charitable gaming activities. Similarly, while new gaming facilities might create new restaurants, hotels and other businesses, they could also draw business (and revenue) away from existing entertainment and related establishments.

Gaming revenues and activity have been declining across the nation in the last few years. If the primary reason to expand gaming in New Hampshire is to create new revenue, it is important to better understand how much of the recent decline in gaming is due to the current economic downtown, and thus may recover, or how much of the declines may be due to potential market saturation or other causes. Another factor to consider is how legalized Internet gaming might affect traditional gaming operations and revenues.

Economic development considerations

In view of current economic conditions, any new jobs and economic activity are a positive. And new gaming facilities would create important and well-paying jobs in construction as they are built. However, longer-term employment, wages, and other economic impacts are more difficult to predict.

While beneficial, casino jobs often pay less than those in manufacturing and certain other economic sectors. And within the gaming sector, not all kinds of facilities create the same numbers of jobs or levels of wages. A full-scale casino with table games and other amenities, for example, employs more people and may offer better wage opportunities than a slot machine or VLT-only facility. The extent of the so-called “substitution effect” must be understood as it could cause some economic losses in other businesses as discretionary spending is redirected from other forms of entertainment to expanded gaming activities.

Another factor is whether expanded gaming could affect the state’s “brand.” Gaming advocates contend that expansion would complement the state’s existing tourism industry by filling a void cited by some visitors, who want additional nightlife and other entertainment options that new gaming facilities would provide. However, others suggest that gaming could damage the state’s primary image as a recreational and natural resource haven, negatively impacting its core tourism appeal to visitors drawn mainly to its seacoast, lakes and mountains.

Social cost considerations

Lottery, charitable gaming, and out-of-state gambling by New Hampshire residents has already caused some people to have compulsive gambling problems that can create social costs, such as treatment and public safety expenses, and crime. According to some presenters to the Commission, the introduction of expanded gaming, specifically slot machines or VLTs, would create additional social and public safety costs. At present, there are no state-funded programs dealing with gambling addiction. Expanded gaming could provide a source of funds for this purpose and protect human services budgets that are already under budgetary pressure.

Regulatory and related considerations

If New Hampshire expands gaming, the state should consider whether existing regulations and structures are sufficient to properly monitor and control the new activity. Beyond such evaluation of its current regulatory structure, expanded gaming raises other issues, such as how new gaming operators would be selected. Some presenters, for example, suggested an open bidding process for a limited number of gaming licenses, though others caution against that approach. Other issues include length and fee of licenses and gaming tax structures, as well as provisions for what to do if a licensee seeks to transfer an operating license. Some have also suggested state ownership should be examined.

While such regulatory issues are primarily state-based, other issues are more local. Should, for example, expanded gaming be subject to local referenda? The views and requirements of local public safety agencies must also be considered.

Some presenters to the Commission raised other important – though hard to quantify – concerns. One was about an unintended proliferation of gaming operations; that is, what may be intended to be only a limited expansion of gaming turns into more facilities, more machines, and more locations. Some presenters cited examples in other states, which keep expanding gaming in order to maintain a revenue stream upon which they have come to rely. Other presenters to the Commission, however, said this concern about proliferation is overstated; the market, they say, would naturally limit how much the industry can expand.

Related to the issue of how much gaming might expand is the issue of how much impact, if any, expanded gaming might have on political and other decision-making processes in the state. Some presenters cautioned that the presence of major gaming operations could introduce a well-financed special interest that could have a powerful and growing influence on legislators and others. That view was challenged by others who said the state’s traditions and the nature of its political structures insulate it against such undue influence.

Part IV

Next Steps

As it moves into 2010, the Commission will continue to hear testimony about and continue research into the above and other issues attached to expanded gaming in New Hampshire. Commissioners will also continue to visit gaming facilities and meet with their operators as well as local law enforcement, human service, and other personnel in order to further educate themselves and the full Commission.

The Commission will also oversee a series of public hearings to collect the views of both citizens and legislators. In addition, a statewide public engagement process will be conducted by the Carsey Institute (UNH) to allow several hundred citizens across the state to engage in small group dialogue to discuss their views on the benefits and risks of expanded gaming. Results of these community conversations will be provided to the Commission in March. The UNH Survey Center will also conduct additional polling about expanded gaming in New Hampshire.

The New Hampshire Center for Public Policy will develop and analyze revenue and economic impacts of a set of generic models of expanded gaming. The models will not be based on any specific proposal now under consideration, but will inform the Commission's understanding of different forms of expanded gaming that could come to New Hampshire. The models will be selected from these possible models, with major advantages and disadvantages listed for each generic kind of facility:

- **No expansion**
    - Pluses: Protects revenue stream to Lottery and charities; eliminates risk of substitution effect; no additional negative impact on quality of life and state "brand;" fewer added social costs.
    - Minuses: No new economic activity or revenues, including money needed to enhance regulation of existing gaming and to pay for social costs run up by NH residents who game in other states. If Massachusetts develops casinos that attract NH residents, NH may bear added social costs, but without added revenue from gaming.

- **Expand existing gaming (Lottery and charitable gaming).**
    - Pluses: Infrastructure largely already in place and ready to go; little added overhead; instant new revenue.
    - Minuses: Limited expansion possibilities; attracts limited out-of-state revenue; minimal added employment; added social costs; additional regulatory costs.

- **VLTs/slots only at race tracks.**
    - Pluses: Land and facility infrastructure largely in place; gambling already is established in the location; lower capital costs and overhead; revenue from temporary facility within months and ongoing revenues from licensing fees and annual tax payments.
    - Minuses: Limited economic activity; could hurt Lottery and charitable gaming; susceptible to competition; risk of substitution effect on area businesses; added social costs.

- **Full casino – VLTs, table games, and amenities -- at race tracks.**
    - Pluses: Land already in place; gambling already is established in the location; more revenue, both from licensing fees and annual tax; greater job creation; more attractive to both in-state and out-of-state gamers.
    - Minuses: Could hurt Lottery and likely material impact to charitable gaming; higher capital costs; greater public infrastructure costs; risk of substitution effect; added social costs.

- **VLTs only at non-track locations.**
    - Pluses: Minimal capital costs and overhead; revenue, both from licensing fees and annual tax; new, though limited, economic activity for hard-pressed parts of state.
    - Minuses: Limited economic activity; could hurt Lottery and charitable gaming; susceptible to competition; substitution effect; added social costs.

- **Full "destination resort casino" at non-track location, near state border.**
    - Pluses: Greatest economic and revenue potential; could be more easily marketed to complements other tourism activity; more attractive to both in-state and out-of-state gamers.
    - Minuses: Could hurt Lottery and would likely have material impact on charitable gaming; high capital costs; risk of substitution effect; risk of brand damage which could also hurt other tourism activity, added social costs.

Part V
Appendices

- Executive order establishing the NH Gaming Study Commission
- Commission members
- Commission calendar
- Template of current gaming proposals for New Hampshire, prepared by the NH Center for Public Policy
- UNH survey results

STATE OF NEW HAMPSHIRE
BY HIS EXCELLENCY
JOHN H. LYNCH, GOVERNOR

Executive Order 2009-2

An Order Establishing a Gaming Study Commission

Whereas, the General Court has considered several recent legislative proposals to expand gaming activities and license video lottery machines at various locations in the State; and

Whereas, the State would benefit from a thorough and comprehensive review of various models for expanded gaming and their potential to generate state revenues, as well as an assessment of the social, economic and public safety impacts of gaming options on the quality of life in New Hampshire.

NOW, THEREFORE, I, John H. Lynch, Governor of the State of New Hampshire, by the authority vested in me pursuant to Part II, Article 41 of the Constitution of the State of New Hampshire, do hereby order as follows:

1. There is established the Gaming Study Commission. The Commission shall undertake a thorough and comprehensive review of various models for expanded gaming and their potential to generate state revenues, as well as an assessment of the social, economic and public safety impacts of gaming options on the quality of life in New Hampshire. The Commission shall study the estimated state revenues that can be achieved through expanded gaming options as well the stability and reliability of expanded gaming as a source of state revenue. As part of its work, the Commission shall consider the various gaming models implemented or under consideration in other states.

2. The Commission shall consist of no more than 15 members appointed by the Governor consisting of public members and representatives of the following public bodies, groups or interests: the general court; law enforcement; business; tourism; local government; labor; social service organizations, and other organizations as may be appropriate.

3. The chairperson and vice-chairperson shall be designated by the Governor. Members of the commission shall serve at the pleasure of the appointing authority. Vacancies shall be filled in the same manner as the original appointments were made.

4. The Commission shall meet as soon as possible after August 15, 2009.

5. The Commission shall provide an opportunity for public input during its study. In addition, all state agencies shall cooperate with the Commission and provide data, information, reports or testimony as requested by the Commission.

6. On or before October 1, 2009, the Commission shall submit to the Governor a recommended schedule outlining its anticipated work and providing a recommended deadline for the completion of work and submission of a report with its findings. On or before December 1, 2009, the Commission shall submit an interim progress report to the Governor.

Given under my hand and seal at the Executive Chambers in Concord, this 16th day of July, in the year of our Lord, two thousand and nine.

Governor of New Hampshire

COMMISSION TO STUDY GAMING IN NH

COMMISSIONER'S LIST

Title	First	Last	Address	City	St	Zip
	Andy	Lietz	PO Box 738	Rye	NH	03870
Honorable	Jim	Craig	84 Bay Street	Manchester	NH	03104
Mayor	Tom	Ferrini	69 Taft Road	Portsmouth	NH	03801
	Mark	MacKenzie	161 Londonderry Turnpike	Hooksett	NH	03106
Honorable	Robert	Odell	PO Box 23	Lempster	NH	03605
Honorable	Joseph	Foster	9 Keats Street	Nashua	NH	03062
	David	Babson	PO Box 10	Ossipee	NH	06864
Chief	David	Bailey	55 Constitution Drive	Bedford	NH	03110
	Bonnie	Newman	PO Box 57	Portsmouth	NH	03802
	Lew	Feldstein	NH Charitable Foundation 37 Pleasant Street	Concord	NH	03301
	Michelline	Dufort	40 Mullstone Drive	Concord	NH	03301
	Maggie	Pritchard	Genesis BH 11 Church Street	Laconia	NH	03246
	Ned	Densmore	533 Wells Road	Franconia	NH	03580
	Mary	Heath	Dean, School of Education SNHU 2500 N. River Road	Manchester	NH	03106
	Karen	Pollard	City of Rochester 31 Wakefield Street	Rochester	NH	03867

<u>Revised December 15, 2009</u>

New Hampshire Gaming Study Commission Calendar

Date	Location	Time	Area of Focus
September 1, 2009	NHHEAF	1-4 pm	Organizational
September 15, 2009	NHHEAF	1-4 pm	Status of gaming in NH currently
October 6, 2009	NHHEAF	1-4 pm	Status of gaming in other states currently
October 20, 2009	NHHEAF	1-4 pm	Models of expanded gaming proposed for NH
November 3, 2009	NHHEAF	1-4:30 pm	Gaming revenue potential – et al
November 17, 2009	NHHEAF	1-4:30 pm	Social impact/costs of gaming
December 1, 2009	NHHEAF	1-4 pm	Initial discussion of Interim Report content and other topics
December 15, 2009	NHHEAF	1-4 pm	Discussion of Draft Interim Report
January 19, 2010	NHHEAF	1-4 pm	Economic Development; Branding
February 2, 2010	State House/LOB	1-4 pm	Joint legislative hearing for members of General Court
February 16, 2010	NHHEAF	1-4 pm	Revenue/taxes/licensing/timing of revenue flow/where revenues would flow (general fund/HHS/education trust fund/etc.)/ Regulatory Considerations
March 2, 2010	NNNEAF	1-4 pm	Community Impacts (Housing, Education, etc.)
March 16, 2010	NHHEAF	1-4 pm	Social costs/addiction/etc. and Public Safety
April 6, 2010	Manchester/Conway	TBD	Two Public Hearings (possibly UNH/Manchester auditorium and Conway area facility)
April 20, 2010	NHHEAF	1-4 pm	UNH/Carsey Institute report (public dialogue sessions); UNH Survey report (Andy Smith); Summary report from Commission site visitation committee; Public Hearing Reports
May 4, 2010	NHHEAF	1-4 pm	Work on Final Report
May 11, 2010	NHHEAF	1-4 pm	Work on Final Report
May 25, 2010	NHHEAF	1-4 pm	Present Final Report to the Governor

	A	B	C	D	E	F
1	**Summary of Gaming Proposals (Working Draft)**			Source: The New Hampshire Center for Public Policy Studies is reporting -- not verifying -- the information provided by proposal developers. The data come from materials submitted to the NH Gaming Commission as well as interviews with each of the proposal developers, all of whom have had a chance to review and comment.		
2						
3	Cost/Benefit Dor	Domain Indicator	Berlin	Salem	Seabrook	Hudson
4			Charitable Gaming	Millenium Gaming	Macomber	Sagamore Crossing
5	Proposal Design	General	A destination Casino heavily phased	Casino at a racetrack to include up to 5,000 VLTs at Rockingham Park, and up to 60 Charitable Gaming Tables (and commercial gaming tables if legislation enables) and restaurants and entertainment	Racino to include 2,000 VLTs, 2 restaurants (200 seat casual and 100-seat fine dinging), charitable gaming section, entertainment center	Golf destination resort with hotel, convention center, with gaming and VLTs at state race tracks; 5,000 VLTs at tracks plus 4,000 Slots at Sagamore and 100 table games + comparable casino at Suffolk Downs
6	Proposal Design	Phasing	Phase 1: 250 VLT, 10 table games; Phase 2: 500 VLT, 20 table games, Phase 3: 1,000 VLT 25 table games -40,000 square feet, 300 room hotel and convention center	Could have a Phase 1 new Facility with approximately 3000 VLTs that could open within 1 year of licensing if policymakers want to speed up start of revenue and desire first mover advantage vis a vis Mass.	Renovation of existing 70,000 facility followed by the addition of a permanent gaming facility described above.	Assumes 18-month build out and full opening with all amenities. Revenue estimates are phased-in based on graduated hotel occupancy rates, win per day on slots and table games, and gradual increases in non-gaming revenues as facility matures.
7	Revenues	Revenue to State: Effective Gambling Tax Rate	30% - Noted that 49% would result in insuffiecient capital investment	40% - Based on 2009 D'Allesandro Bill	40% to state - Based on D'Allesandro Bill	Guarantee of $100m revenue. Gaming tax revenue "estimates assume a 25% gaming tax on the resort's gross gaming revenue and a 50% tax on the racetrack's gross gaming revenues. New employment estimates for the racetracks are based on national averages."
8	Revenues	Impact on Lottery	Not provided, not discussed, or no analysis conducted.	No analysis conducted. Refer to Lottery Commission Statements on VLT's.	No specific NH analysis conducted. Hypothesize that the export focus (share of individuals coming from Massachusetts) would limit impact.	Includes review suggesting no to minimum impact

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3	Cost/Benefit Dor	Domain Indicator	Berlin	Salem	Seabrook	Hudson
4			Charitable Gaming	Millenium Gaming	Macomber	Sagamore Crossing
9	Revenues	Impact on Charitable Gaming	Proposal includes dedicated charitable table gaming	Proposal includes dedicated charitable gaming tables (and commercial gaming tables if legislation enables).	Proposal includes dedicated charitable tabling gaming. Expansion in tables and video lottery operations anticipated to increase benefits to charities.	Sagamore has stated that it considers charitable gaming a "feeder system"that complements its table games, since most casinos have a $5-$15 minimum bet on table games, while NH charitable gaming has a $4 maximum bet. Sagamore proposed setting aside 5,000 sq. ft. of prime space for charitable gaming in its facility.
10	Revenues	Revenue to State: BPT/BET Impact	Not provided, not discussed, or no analysis conducted.	$2m to $3 million direct only	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	Report produced by Phil Blatsos n behalf of Saggamore estimates $0.6 million in BET and $0.7 million in BPT. Additionally estimates $2.1 million in state liquor store revenue.
11	Revenues	Revenue to Local Community (Property Tax)	Not provided, not discussed, or no analysis conducted.	$3 to $4 million (includes town, school,county)	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	No NH specific analysis conducted. Assumes additional infrastructure expenses will be funded by new revenues generated from gambling taxes.
12	Revenues	Revenue to State: Licensing Fees	Provisions in D'Allessandro bill regarding $10m North Country license fee not possible. $5,000 per machine instead.	$50 million for Rockingham Park, based on 2009 legislation developed by Senator D'Allesandro that allowed VLTs but no commercial tables.	Based on legislation developed by Senatory D'Allesandro: $20 million fee.	$50 million license fee.

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2						
3	Cost/Benefit Dor	Domain Indicator	Berlin	Salem	Seabrook	Hudson
4			Charitable Gaming	Millenium Gaming	Macomber	Sagamore Crossing
13	Revenues	Revenue to State: Change in Meals and Rooms	Not provided, not discussed, or no analysis conducted.	$1.7m to $2.0 million direct only	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	Estimate of .8m in meals and rooms tax.
14	Revenues	Revenue to State: Estimated impact on existing business meals and rooms tax	Not provided, not discussed, or no analysis conducted.	Increases due to 4 million visits will purchase other meals and rooms at other NH businesses (and tolls and toll taxes).	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	Resort will draw 81% of its patrons from out of state suggesting the export nature of the produce will bring additional revenues.
15	Revenues	Tax: Revenue to local or other	Phase 1 $2.6 mill to State, $300k to city, $100k to county, $260k to charity, $100k to problem gaming	Per 2009 D'Allesandro legislation, tax 40% to state GF, 3% to town, 1% to county, 2% problem gaming, 1% tourism, 1% safety, 1% purse	As per Senator D'Allesandro bill: Tax 40% to state GF, 3% to town, 1% to county, 2% problem gaming, 1% tourism, 1% safety, 1% purse	1% to host town, and 15 mile radius, % to commuter rail, nothing for local police and fire
16	Revenues	Estimated Revenue	$10 million , half to state and local in Phase 1	$418 million gross gaming revenue from VLTs only. Commercial table game revenue estimates not yet available.	No estimate of overall revenues available.	$531 gross gaming revenue, $138 non-gaming revenue, = $668 m
17	Revenues	Revenues Per VLT	$109.59	$229.15	$170.00	$293
18	Revenues	Estimated Growth Over Time	Not provided, not discussed, or no analysis conducted.	3-3.5% per year	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	Same as growth in discretionary spending

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3	Cost/Benefit Dor	Domain Indicator	Berlin	Salem	Seabrook	Hudson
4			Charitable Gaming	Millenium Gaming	Macomber	Sagamore Crossing
19	Revenues	Impact of Massachusetts Expanded Gaming	Not provided, not discussed, or no analysis conducted.	31% Reduction in revenues (to $286.9m)	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	58% Reduction in revenues ($1.2b GGR to $531m)
20	Social Costs	Pathological Gaming	No systematic analysis conducted. However, proposal includes 1% of revenue to support social service programs	No systematic analysis conducted. Proposal included 2% of revenue to fund social cost programs based on D'Allesandro bill	No systematic analysis conducted. Proposal included 2% of revenue to fund social cost programs based on D'Allessandro bill	References to national study (NORC 1999) which includes cost per pathological gambler. Survey of NH residents on prevalence of each of the 10 criteria of problem gambling.
21	Social Costs	Crime	Not provided, not discussed, or no analysis conducted.	No systematic analysis conducted. Letter provided from Chief of Police in Meadows host community indicating no increase in Crime; newspaper article on police chief in Bangor, Maine dismissing impact. 1% of revenues to fund local public safety.	1% of revenues to fund local public safety	Literature reviewed, with no specific estimate of changes in Crime in New Hampshire.
22	Social Costs	Casino Management of Problem Gamblers	Have internal training management and contols. Self-banning of pathological gamers. Regulatory environment plays a key role. Social services plays key role.	Have internal training management and contols. Self-banning of pathological gamers. Regulatory environment plays a key role (e.g. licensing of workers)	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	Developers indicated, by inference, that the casino would implement in-house policies and employee training to identify problem gamers and allow for self-identification and removal.

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3	Cost/Benefit Dor	Domain Indicator	Berlin	Salem	Seabrook	Hudson
4			Charitable Gaming	Millenium Gaming	Macomber	Sagamore Crossing
23	Social Costs	Casino Management of Crime (e.g. casino sercurity measures)	Not provided, not discussed, or no analysis conducted.	Casino security measures (based on Meadows) includes 96 fulltime and 13 part time security officers (at least 21 per shift) plus 37 mostly part time for the track. See also detailed information provided on protocols, technology, and compliance.	Not provided, not discussed, or no analysis conducted.	Developers indicated that the Casino might take a variety of actions to limit criminal behavior including but not limited to a secure controlled access point to the main facility (i.e., direct off-ramp), electronic surveillance of gaming floors, lobbies, elevators, and parking structures, an on-site security staff the monitors electronic surveillance on the gaming floor and that patrols the interior and exterior of the facility at the resort's cost, key code access to space, training employees to recognize the signs of problem and pathological gambling with instructions to "cut off" these customers and refer them to help lines."
24	Market Area and Demand Assumptions	Estimated Market Area	See Maps --> 50,000 people within 60 minute drive. With primary driver being within a 30 minute drive.	See Maps --> 3 million potential adult gamblers. Proprietary Gravity model used to identify indivdiuals wtihin 30, 60 and 90 miles.	Competitor market New England plus New York border, 5 million peoople	See Maps --> 8 million adults within 150 minutes. 3 million adults within 60 minutes.
25	Market Area and Demand Assumptions	Share of Market Demand from Massachusetts	Not Applicable	Estimated 75% of market from Massachusetts	Approximately 50% of population from Massachusetts.	81% of patrons will come from out of state, with most coming from Massachusetts.

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2						
3	Cost/Benefit Dor	Domain Indicator	Berlin	Salem	Seabrook	Hudson
4			Charitable Gaming	Millenium Gaming	Macomber	Sagamore Crossing
26	Market Area and Demand Assumptions	Estimated Visitations	3.3 million visits per year.	4 to 5 Million visits per year	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	2.1 Million
27	Market Area and Demand Assumptions	Propensity to Gamble	Not provided, not discussed, or no analysis conducted.	36% in Rockingham, 29% Inside 128. Estimates based on proprietary surveys and analyses of industry databases.	Established facility with access to 5 million people 'assumed to gamble at average propensity of Northeastern US.'	Estimates based on total revenues, not on individual behavior. However, statetwide 23% estimated to gamble
28	Economic Development	Capital Investment	Phase 1: $7 million, 2: $17 million, 3: $50 million	$450 m in Rockingham	$100 million	$300m capital investment, $140 m in construction
29	Economic Development	Construction Jobs	Not provided, not discussed, or no analysis conducted.	1,100	150	1,211
30	Economic Development	Permanent Direct Jobs	155	1000. Additional estimated 600 (total 1,600) if commercial table games allowed.	400	4,042
31	Economic Development	Indirect/Induced Jobs	Not provided, not discussed, or no analysis conducted.	No systematic analysis conducted	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	2,843

	A	B	C	D	E	F
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3	Cost/Benefit Dor	Domain Indicator	Berlin	Salem	Seabrook	Hudson
4			Charitable Gaming	Millenium Gaming	Macomber	Sagamore Crossing
32	Economic Development	Average Wage of New Jobs	$21,585	$42,000 to $44,000 based on Meadows Statistics	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	$39,000 for Casino Operations only, excluding tips
33	Economic Development	New Jobs as % of Avg Annual Wage in NH	51% of NH Average annual Wage. Should be noted that average wage in Berlin is significantly lower than in the state.	Approximately 100%	Not provided, not discussed, or no analysis conducted. Proposal is in initial stages with further analysis to be conducted.	91%
34	Economic Development	Annual Payroll	$3.3 million	Estimated at $42 million	$8 million	$126m
35	Economic Development	Drawn from local labor	Not provided, not discussed, or no analysis conducted.	95%	Only a few managers and technical types to be imported.' Nearly all jobs expected to be filled by local residents.	90%
36	Economic Development	% Year round full time jobs	Not provided, not discussed, or no analysis conducted.	80%	No analysis provided, but no grat seasonaility hypothesized.	70 to 85%
37	Economic Development	Partnership with local businesses	Economic development for Berlin means all impacts are positive	Joint Promotional Arrangements with area businesses	Any hotel development deferred pending rise in existing hotels occupancy rates.	Casino customer would not be local, therfore no impact on local business
38	Economic Development	Impact on Other Businesses	Not provided, not discussed, or no analysis conducted.	Within 1 mile of Meadows facility, 1 new hotel opened and 2 more under construction; support from PA local officials and area chamber on positive impact on other businesses.	No specific NH analysis conducted. Hypothesize that the export focus (share of individuals coming from Massachusetts) would limit impact.	IMPLAN modeling suggests net increase in local business due to capture of Massachusetts market and growth in discretionary spending.

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2						
3	Cost/Benefit Dor	Domain Indicator	Berlin	Salem	Seabrook	Hudson
4			Charitable Gaming	Millenium Gaming	Macomber	Sagamore Crossing
39	Economic Development	Infrastructure	Economic development for Berlin means all impacts are positive	Exit 1 already developed for race track, so no significant additional costs anticipated	Assumed that any and all necessary upgrades to local infrastucture assumed to be funded by gaming devleoper.	Need commuter rail to realize full potential
40	Economic Development	Branding/State's Image	Not provided, not discussed, or no analysis conducted.	Proposal developer noted long history of gambling at Rockingham Park	Not provided, not discussed, or no analysis conducted.	Not provided, not discussed, or no analysis conducted.
41	Regulatory Environment	Type or Regulatory Environment	Not provided, not discussed, or no analysis conducted.	Provided a variety of information and data on regulatory environments across the country and summarized in memo	No specific analysis conducted. Assumed similar to best-performing 'current US VL programs: DE/PA/WF'	No NH specific analysis conducted. Proposal did suggest that licensing and regulation and enformcement and investigation should be conducted by different state authorities.
42	Regulatory Environment	Costs of Regulation	Not provided, not discussed, or no analysis conducted.	Applicant covers all out of pocket costs of licensing. State pays for regulatory start-up costs and on-going regulatory costs from licensing fee ($50 million for VLT only) and state distribution of revenues (40 percent) as under 2009 Sen. D'Allesandro Bill. Information provided on budgets and organizational structure and functions in other jurisdictions.	Applicant covers all out of pocket costs of licensing and regulatory start-up costs.	Estimates new costs between $3.3 and $11m. Calculated based on experience in other states.
43						
44	Source: Center is reporting -- not verifying -- the information provided by proposal developers. The data come from materials submitted to the NH Gaming Commission as well as interviews with each of the proposal developers, all of whom have had a chance to comment.					

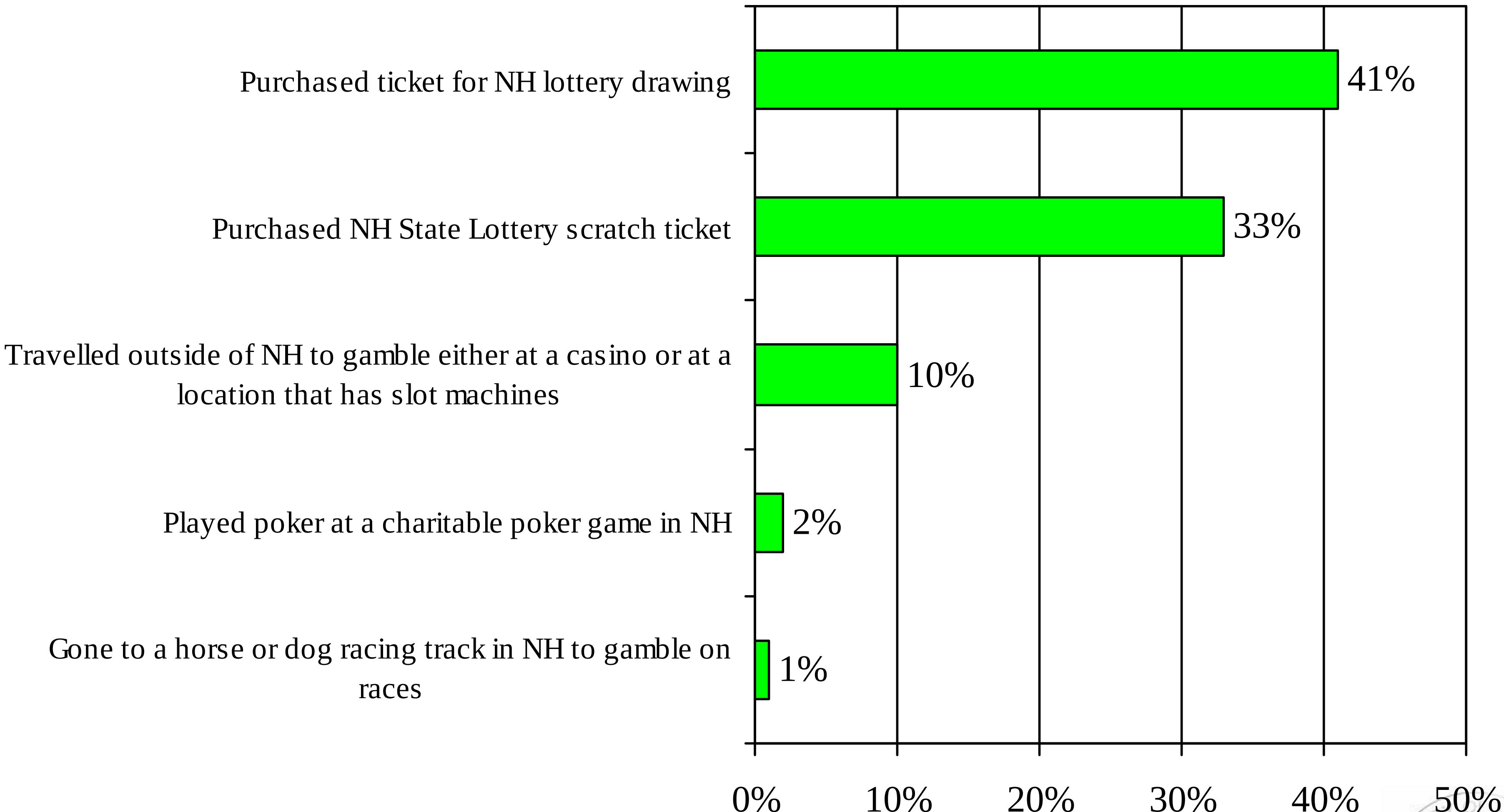
NH Gaming Study Commission
Fall, 2009 Granite State Poll Findings

Andrew E. Smith
University of New Hampshire
Survey Center
Department of Political Science

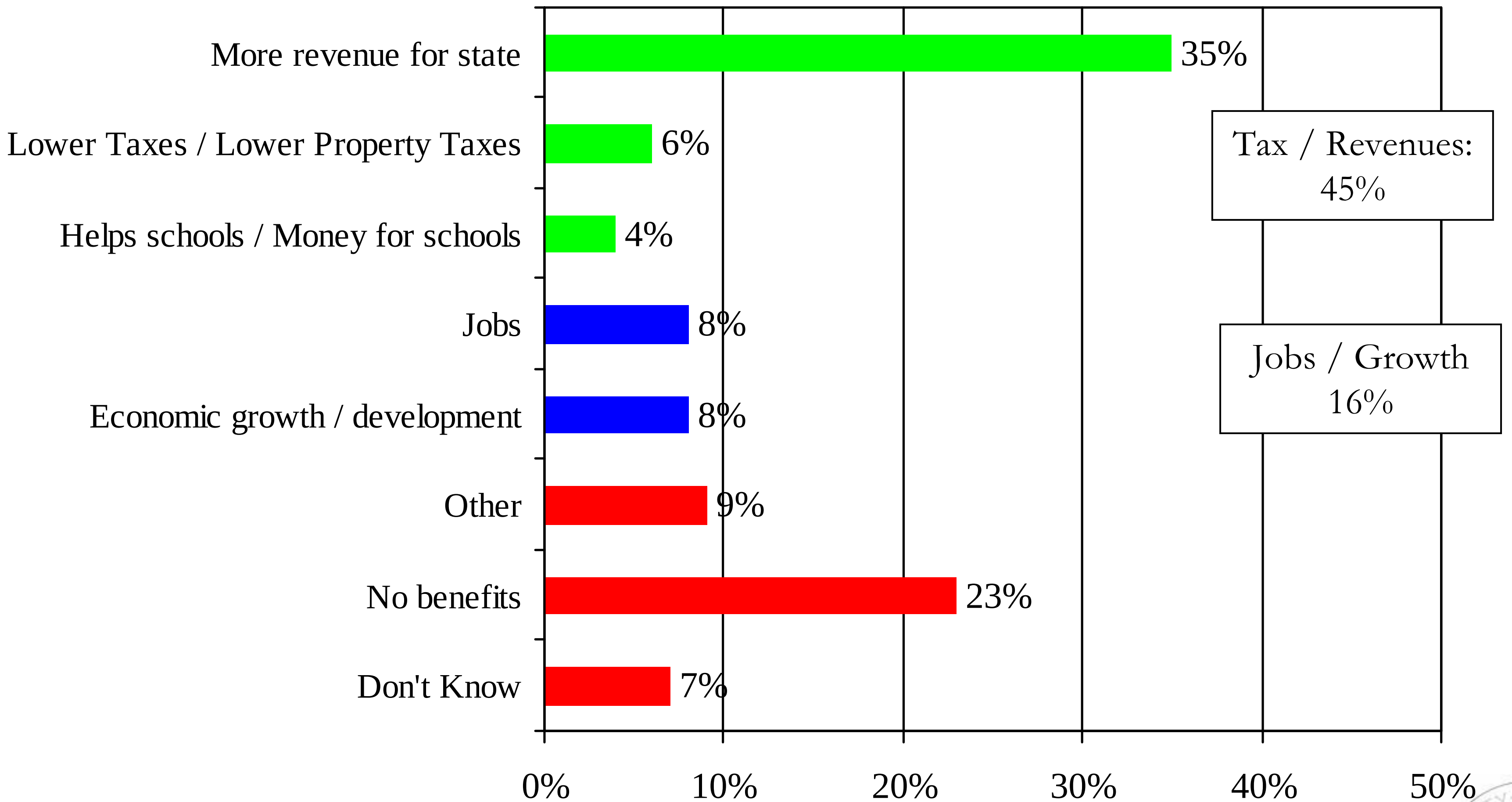
Methodology

- Granite State Poll – quarterly survey of randomly selected NH adults
- N=502 (MSE = +/- 4.4%)
- Conducted October 2-9, 2009
- RDD
- Questions developed in conjunction with commission members
  - Focused on beliefs about pros & cons of expanded gaming

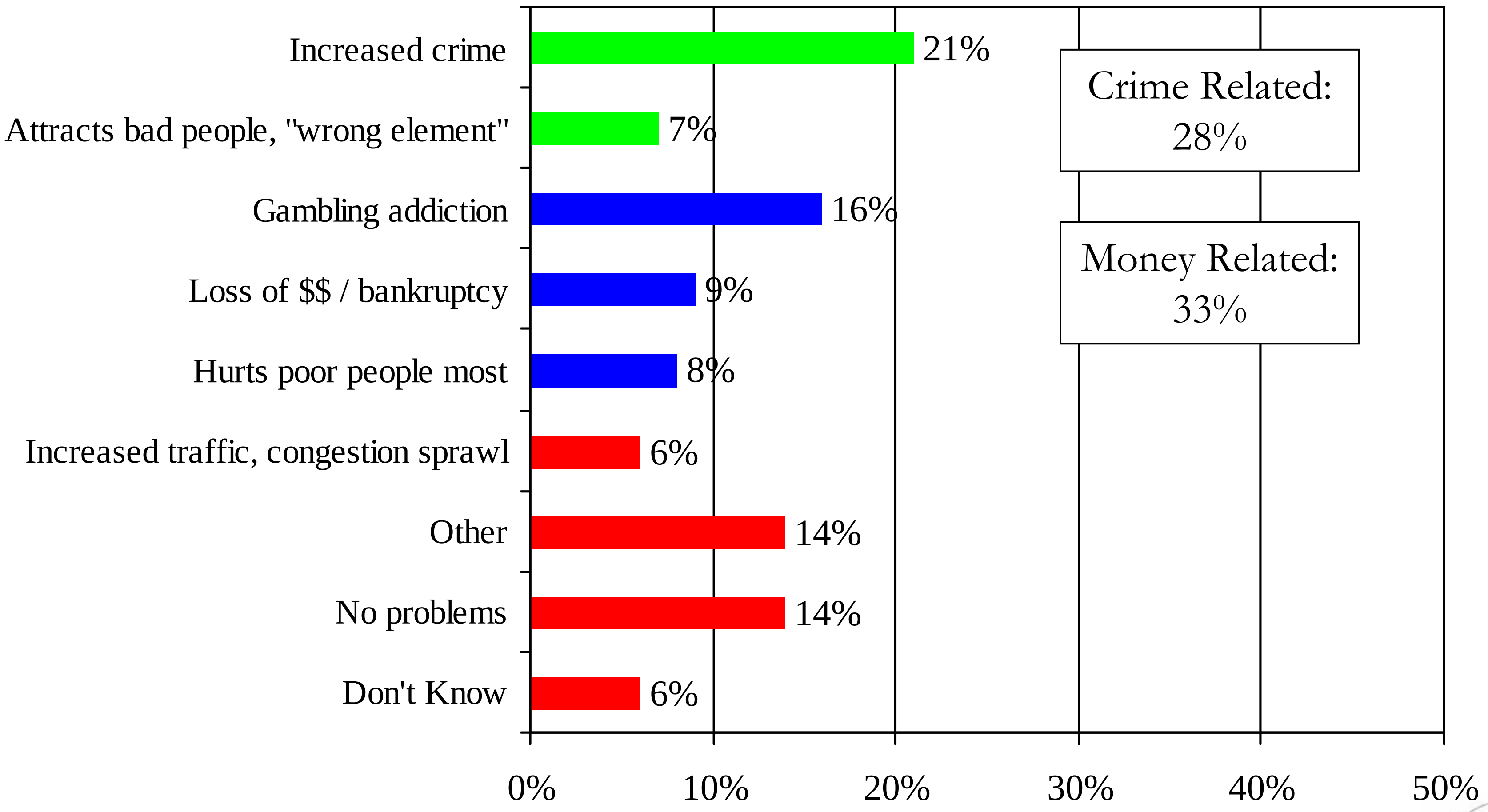
"I'd like to change the subject to the lottery and other kinds of gambling. Please tell me if you have participated in any of the following kinds of gambling in the past 3 months, that is, since the 4th of July. In the past 3 months, have you …



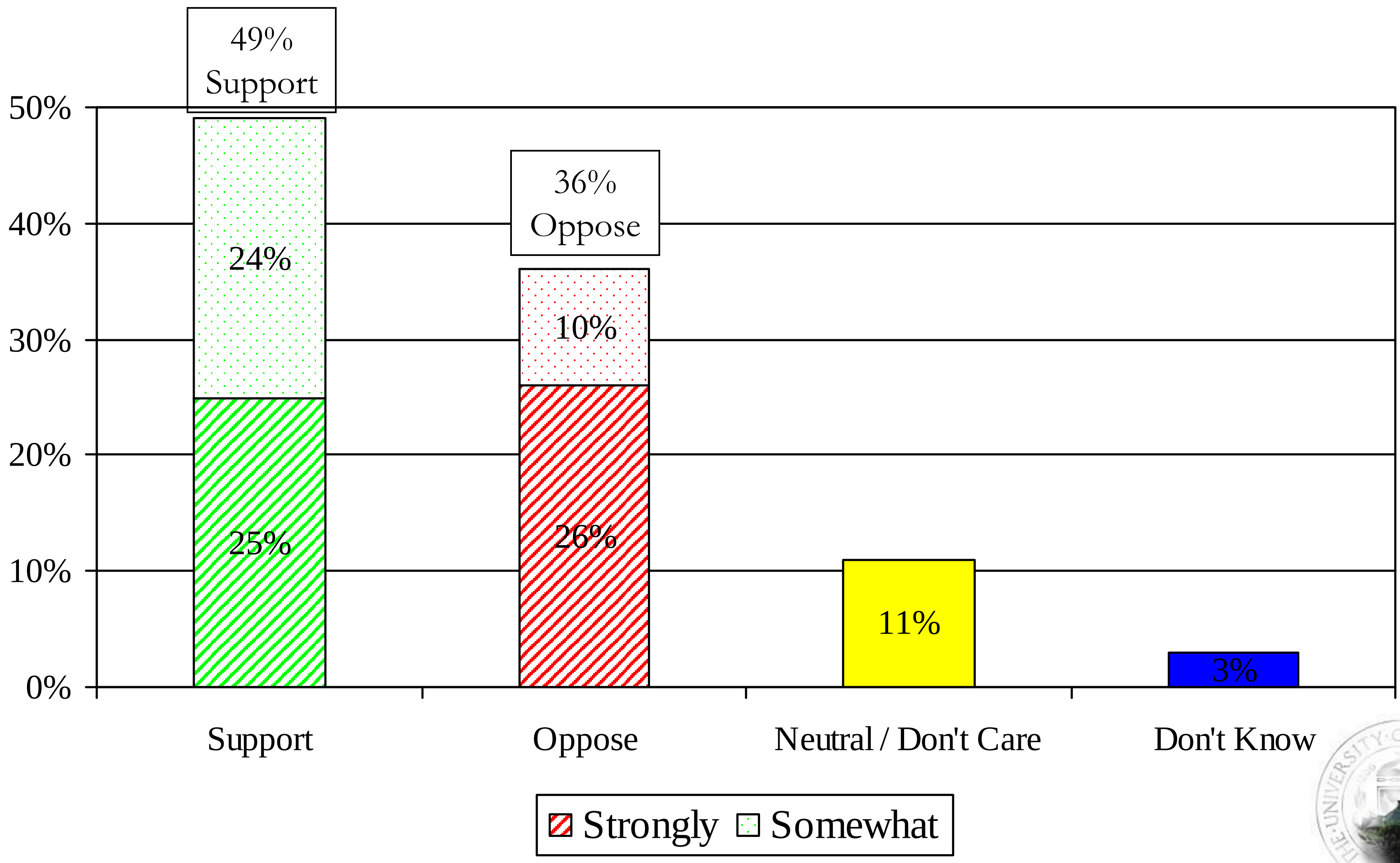
"As you may have heard, the state of New Hampshire is considering expanding legal gambling in New Hampshire beyond the lottery, racetracks, and charitable poker games that are already permitted. Based on your experiences, and what you have seen or heard, what would be the greatest benefits of expanding legal gambling in New Hampshire?"



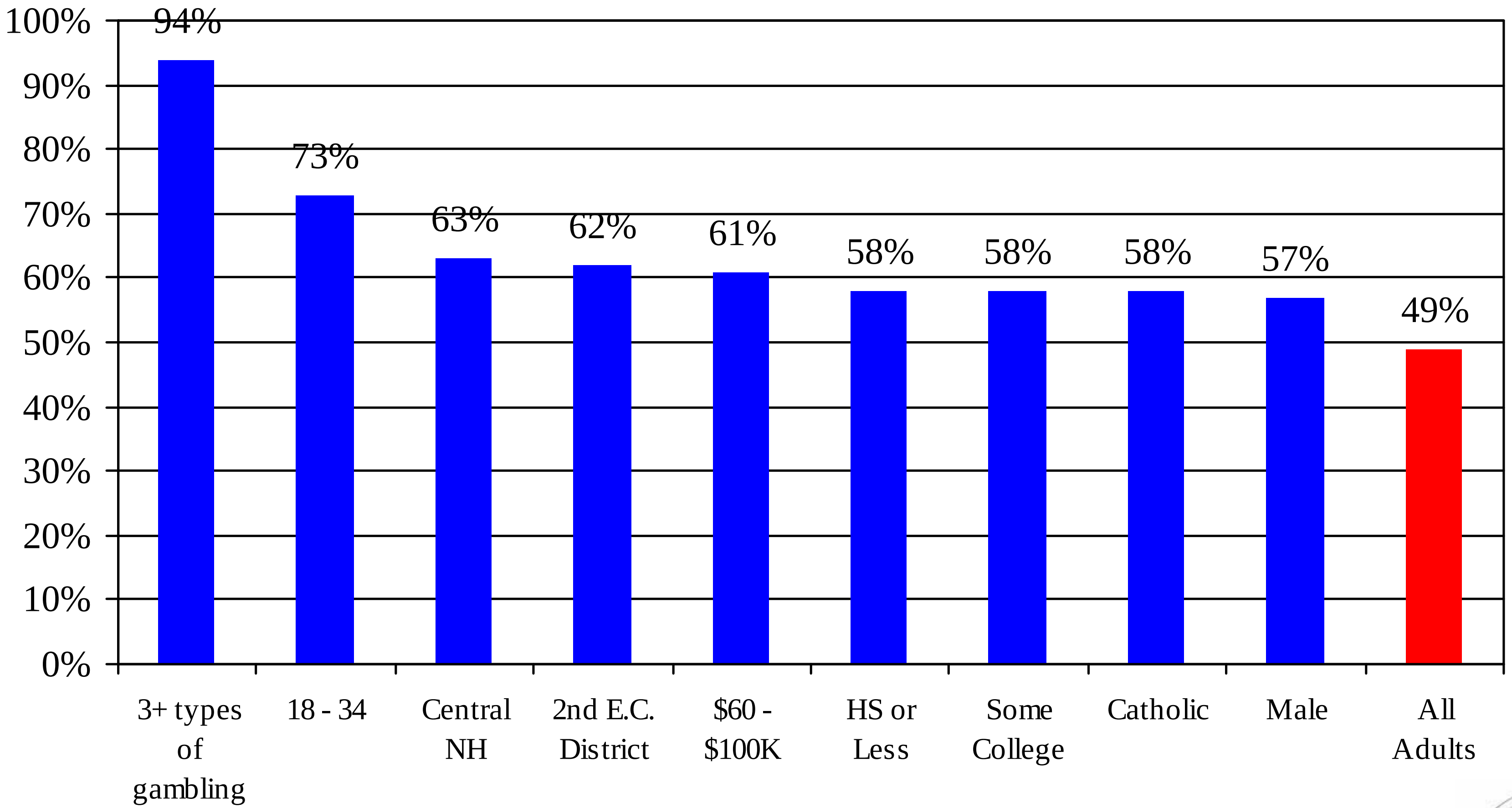
"And based on your experience and what you have seen or heard, what would be the greatest problems that would be caused by expanding legal gambling in New Hampshire?"



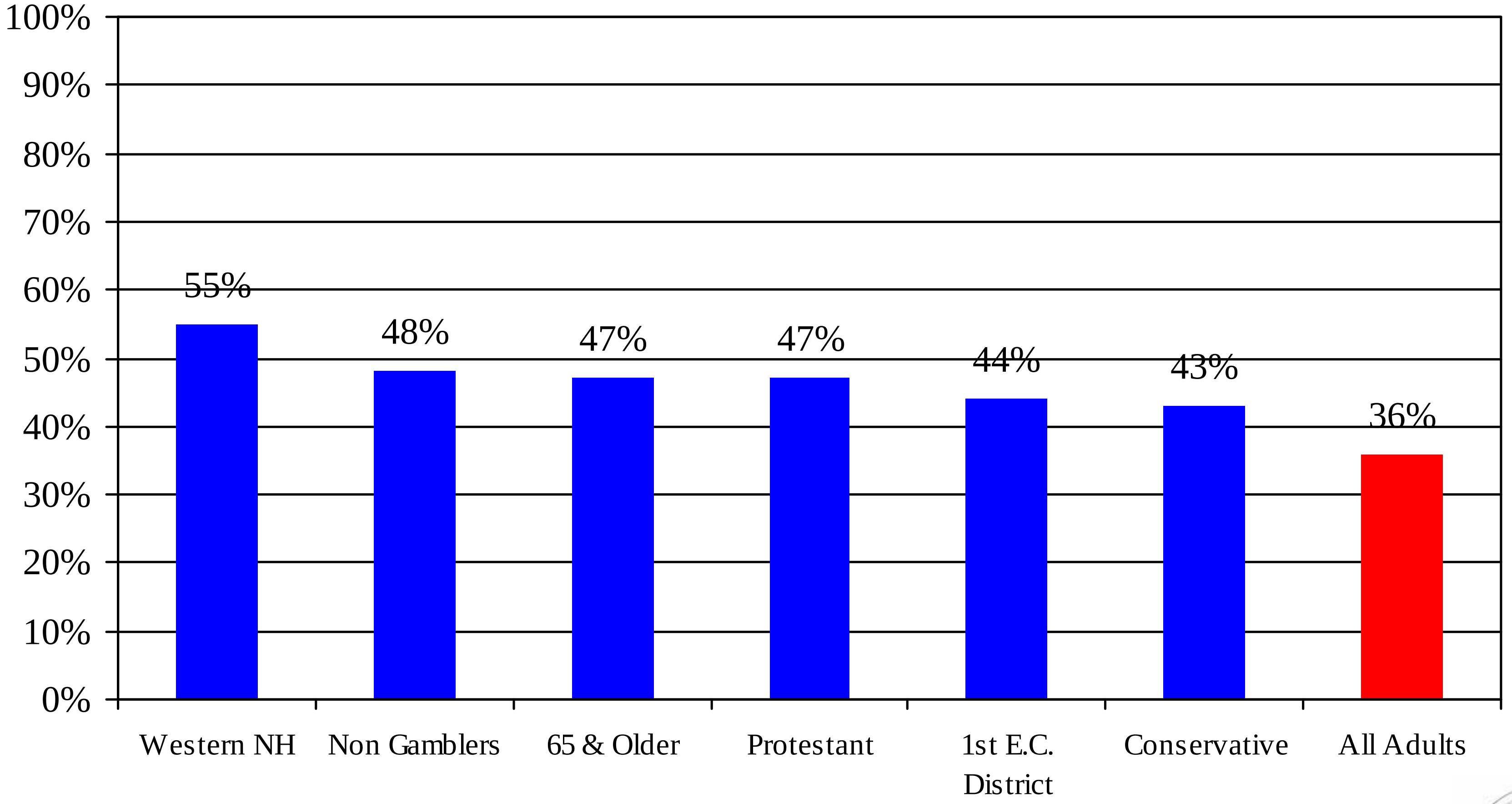
"As you may know, the legislature is considering expanding legal gambling in New Hampshire beyond the lottery, racetracks, and charitable poker games. There has not been any decision made about what specific type of gambling could be legalized, if any. In general, do you support or oppose expanding legalized gambling in New Hampshire beyond the types that are currently legal?



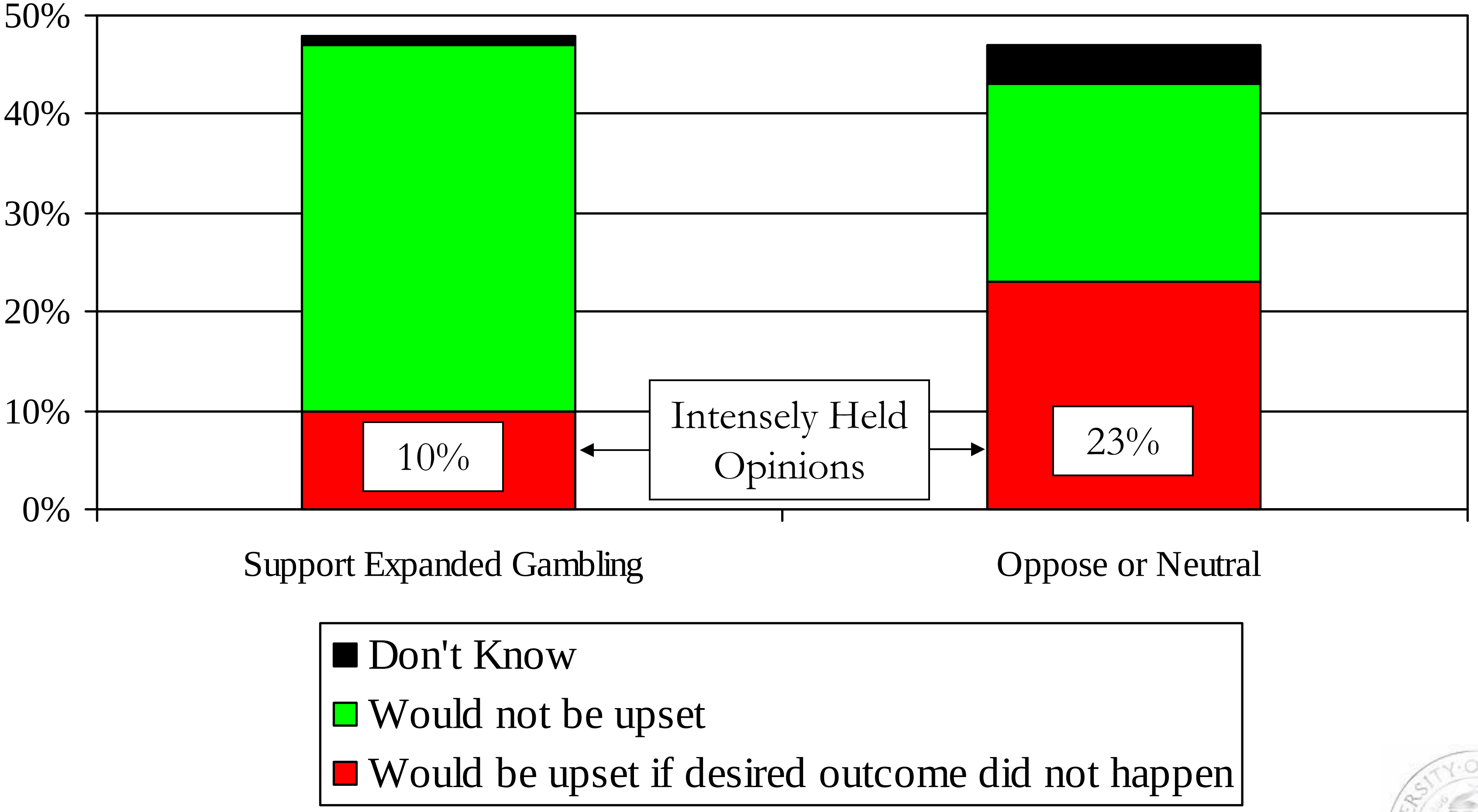
People Most in Favor of Expanded Gaming



People Most Opposed to Expanded Gaming



Intensity of Support / Opposition



Conclusions

- Considerable legal gambling currently occurs in NH
  - Primarily NH Lottery
- Major perceived benefits of expanding gambling:
  - Increased tax revenues for State (45%)
  - Jobs & Economic growth (16%)
  - None, no benefits (23%)
- Major perceived drawbacks of expanding gambling:
  - Crime, etc. (28%)
  - People hurt by loss of $$, gambling addiction (33%)
  - None, no drawbacks (14%)

Conclusions (cont.)

- Modest support for expanded gambling
  - 49% support, 36% oppose
- Opponents are more intense in their opposition
  - 70%+ of opponents strongly oppose, 51% of supporters strongly favor
  - Intense opponents outnumber intense proponents by 2.5 to 1 (26% to 10% of population)