

**New Hampshire Department of Revenue Administration**

**Fiscal Note Quick Guide**

25-0958.0

**SB 168**, *regulating online gambling and directing net proceeds to reimburse municipalities for elderly tax exemptions.*

Ways and Means

**This bill regulates online gambling and directs the net proceeds to a newly established elderly, disabled, blind, and deaf tax exemption fund for reimbursement to municipalities.**

Sections 1 and 4 of the proposed legislation would establish new RSA section 72:42-a, establishing a dedicated fund appropriated to DRA for use in reimbursing municipalities for revenue not realized due to exemptions utilized in their communities under RSA 72:37 (Exemption for the Blind), 72:37-b (Exemption for the Disabled), 72:38-b (Exemption for the Deaf or Severely Hearing Impaired Persons), and 72:39-a and 72:39-b (Exemption for the Elderly). Section 1 also establishes procedures and a time frame for making reimbursements.

Paragraph II.(a) of proposed RSA 72:42-a requires a report be delivered to treasury which may not be necessary since the fund is appropriated to and payments made by DRA. Instead, proposed subparagraphs II.(b) and (c) could be renumbered II.(a) and (b) and current subparagraph II.(b) modified to read: “Not later than July 31 of every year, the department of revenue administration shall pay to each municipality out of the fund the amount of exemptions under RSA 72:37, 72:37-b, 72:38-b, and 72:39-a and -b as reported to it on municipalities’ summary inventory of valuation (MS-1) for the preceding year.” For the same reason, current subparagraph II.(d) of proposed RSA 72:42-a could be renumbered and simplified to read, “The department of revenue administration shall use the amounts paid to municipalities under either subparagraph (a) or (b) in municipal rate setting.”

Sections 2 and 3 of the proposed legislation establish a system for regulating online gambling under the auspices of the liquor commission with which DRA is not familiar but that do not impact the operations of DRA. For purposes of this fiscal note, DRA simply assumes that online gambling would generate some revenue to fund the newly created fund it would administer.

The proposed legislation would be effective beginning January 1, 2026. Accordingly, Section 1 could be interpreted to require DRA to begin issuing refunds to municipalities not later than July 31, 2026. It is not clear from the proposed legislation whether there will be revenue from online gaming on deposit in the fund by that time. If the first year for which DRA is to make refunds is intended to be for property tax year 2026 (beginning April 1, 2026) with refunds to be issued not later than July 31, 2027, DRA suggests that language be added to the proposed legislation accordingly.

Implementation of the proposed legislation would not result in any costs that could not be absorbed within DRA's ordinary operating budget.

The fiscal impact of Sections 1 and 4 of the proposed legislation would be an indeterminable increase to the Elderly-Disabled-Blind-Deaf Exemption Reimbursement Fund (EDBD ER) for revenues received from online gaming, and an indeterminable expenditure to the EDBD ER (and possibly to the General Fund in the case of a revenue shortfall) for reimbursements to municipalities. DRA is unable to predict such future expenditures with certainty because it does not know what exemptions may be granted by municipalities in future years. However, by way of estimate, for property tax year 2023 municipalities granted elderly, disabled, blind, and deaf exemptions that removed approximately \$1.24 billion from municipal tax rolls, resulting in approximately \$24 million in needed tax revenues that were redistributed and would have been subject to reimbursement had the proposed legislation been effective in that year.

DRA is without sufficient information to understand the fiscal impact of Sections 2 and 3 of the proposed legislation.