

## New Hampshire Department of Revenue Administration

### Fiscal Note Quick Guide

25-0994.2

**SB 83**, *establishing an elderly, disabled, blind, and deaf property tax exemption reimbursement fund, authorizing video lottery terminals, renaming the lottery commission, and creating a voluntary statewide self-exclusion database.*

Ways and Means

#### This bill

**I. Establishes an elderly, disabled, blind, and deaf property tax exemption fund to provide reimbursements to municipalities.**

**II. Authorizes video lottery terminals at facilities licensed to conduct charitable gaming.**

**III. Creates a statewide self-exclusion list to combat problem gambling.**

**IV. Renames the state lottery commission to better reflect its statutory obligations.**

Sections 1 through 4 of the proposed legislation establish a system for regulating video lottery terminals 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 video lottery terminals would generate some revenue to fund the newly created fund described below.

Section 5 of the proposed legislation establishes a voluntary statewide self-exclusion database to reduce the effects of problem gambling. This database also would not impact the operations of DRA.

Sections 6 and 7 of the proposed legislation would establish new RSA section 72:42-a, establishing a fund 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 6 also establishes procedures and a time frame for DRA to make reimbursements.

Sections 6 and 7 are silent regarding to whom the fund is appropriated. DRA assumes the fund is intended to be a dedicated fund appropriated to DRA, since DRA is responsible for making reimbursements from the fund.

Paragraph II.(a) of proposed RSA 72:42-a requires a report be delivered to treasury which may not be necessary if 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.” However, if legislative leadership would like to receive the described information irrespective of DRA’s use of the information in rate setting, then this language need not be changed.

The proposed legislation would be effective beginning July 1, 2025. Accordingly, Section 6 could be interpreted to require DRA to begin issuing refunds to municipalities not later than July 31, 2025. 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.

DRA is without sufficient information to understand the fiscal impact of Sections 1 through 5 of the proposed legislation.

The fiscal impact of Sections 6 and 7 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.