

Quarterly Newsletter

FY 2024 Quarter 3



Division Announcements

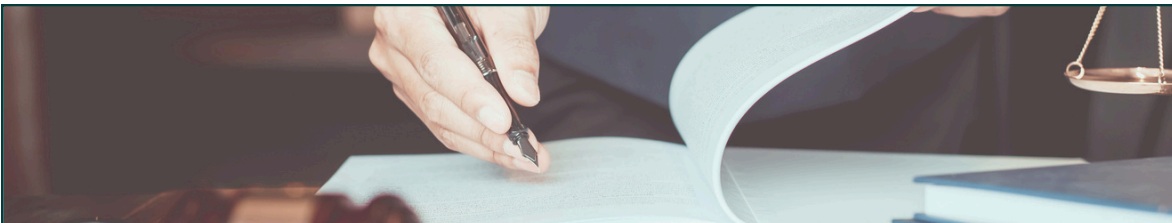
Scheduled Closings

Monday, May 27, 2024 - Memorial Day

Legislation to Watch

Governor Sununu has signed HB1203 into law prohibiting the charging of rent to charities by Games of Chance operators. The law takes effect on June 15, 2024. Other charitable gaming bills that continue to make their way through the legislative process include:

- HB1549 – Allows a “dealer add-on” option and caps tournament revenue.
- SB363 – Eliminates simulcast dog racing in New Hampshire effective January 1, 2027.
- SB472 – Extends the moratorium on HHR until July 1, 2031.
- SB597 – Removes the requirement for electronic Lucky 7 terminals to print a physical ticket.



SPORTS BETTING REVENUE
 JAN '24 - MAR '24
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BINGO & LUCKY 7 REVENUE
 JAN '24 - MAR '24
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GOC GAME ROOM REVENUE
 JAN '24 - MAR '24
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HHR GAME ROOM REVENUE
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Sports Betting Revenue – January through March 2024

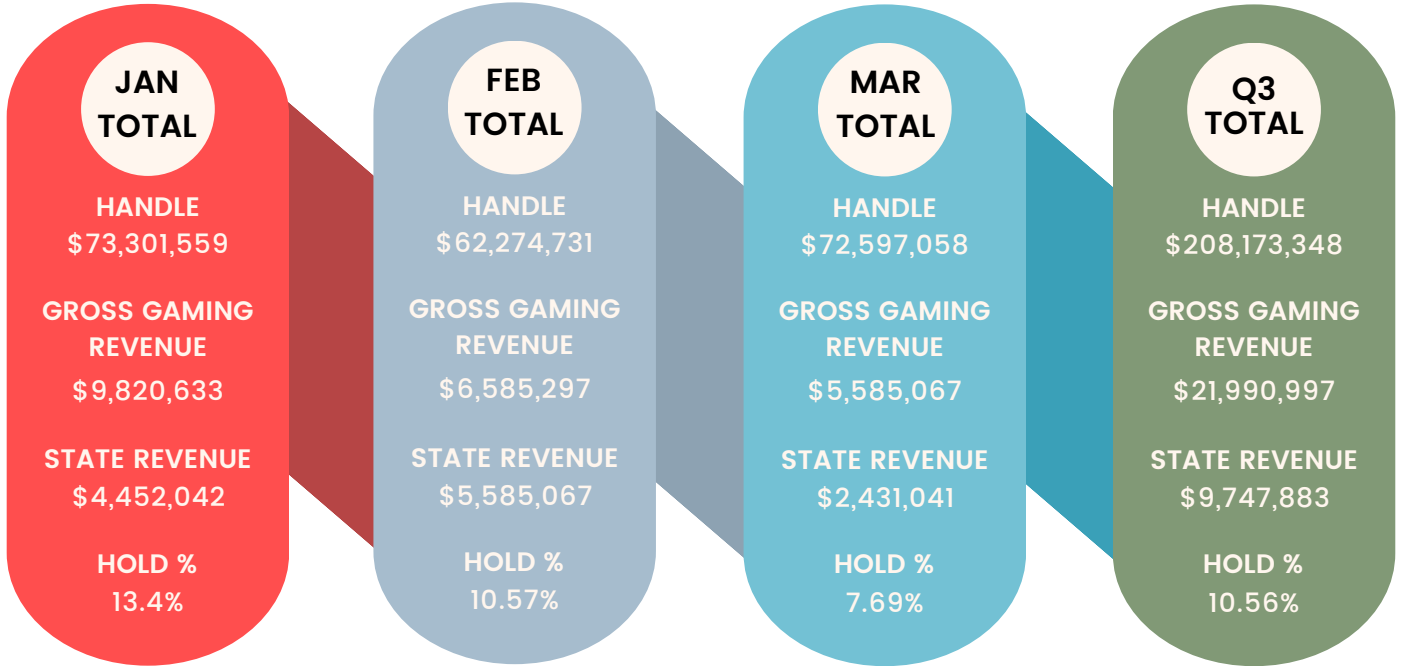
Key Definitions

Handle = Total amount of money bet by players

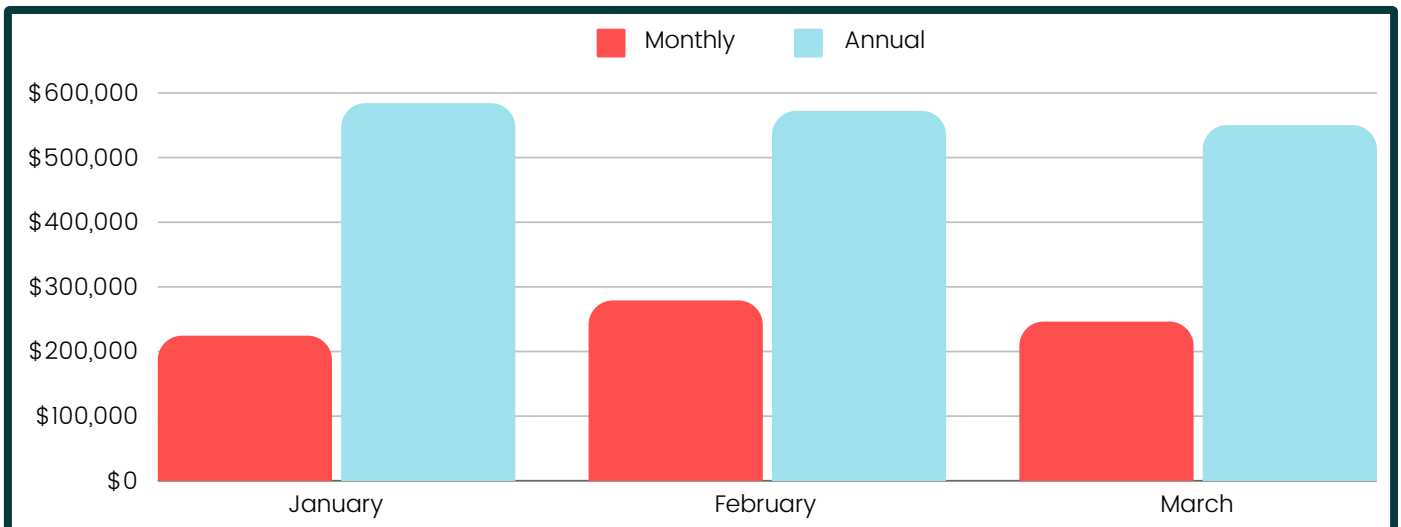
Gross Gaming Revenue "GGR" = Net gambling profit or loss (Handle minus winnings paid out to players)

State Revenue = New Hampshire share of GGR

Hold or Hold % = Percent of handle won or lost by sportsbook (GGR divided by Handle)



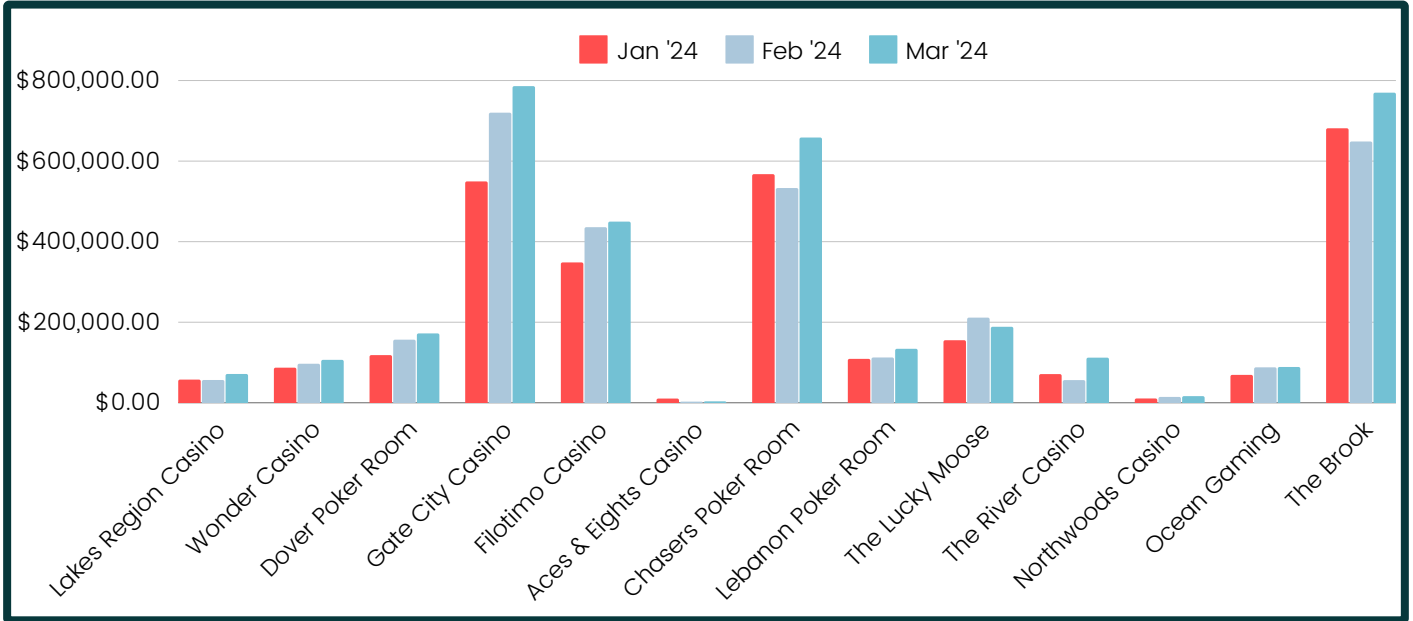
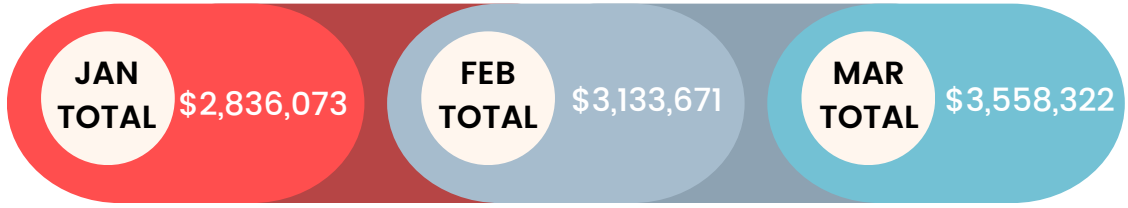
Bingo/Lucky 7 Charity Revenue – January through March 2024



*Charity Revenue by license types



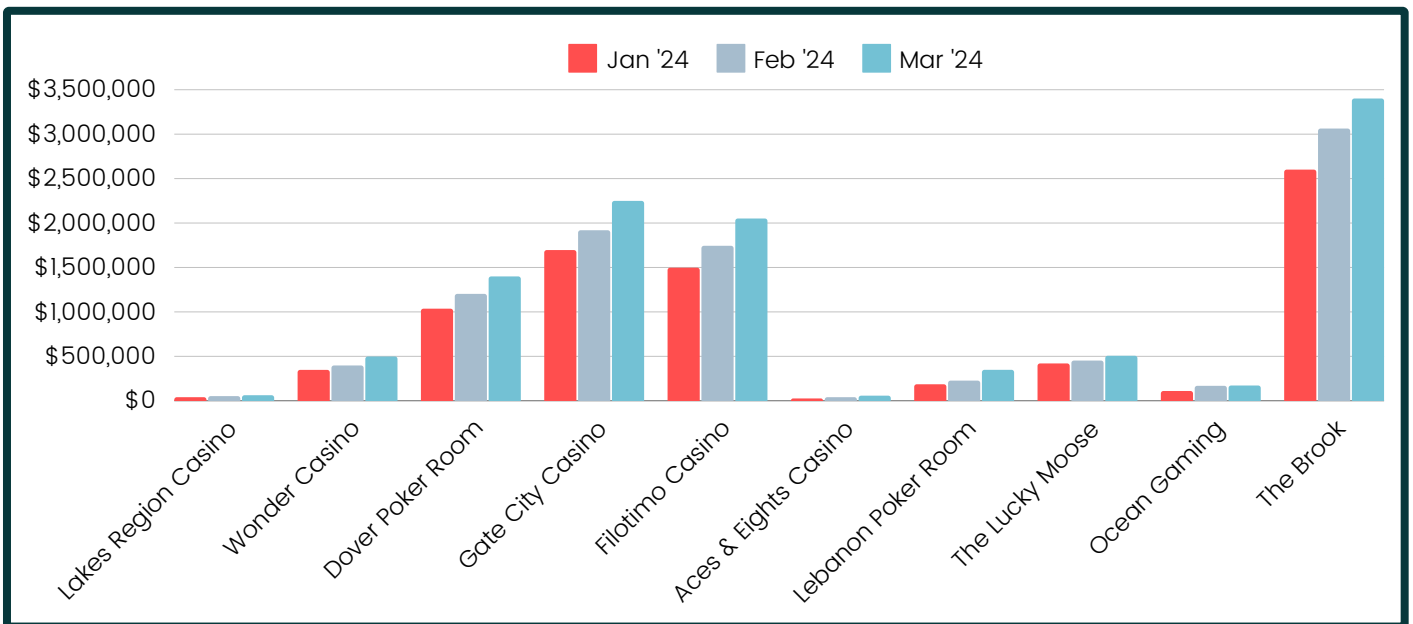
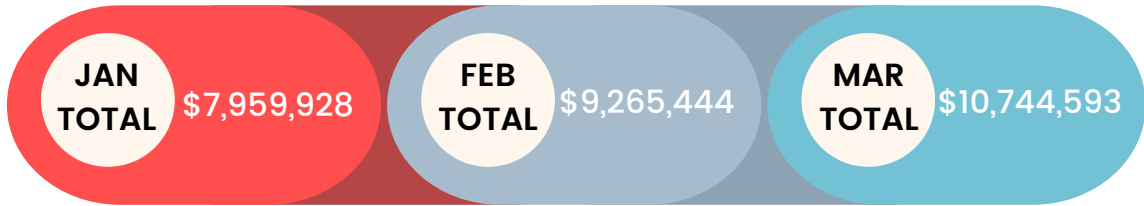
GOC Game Room Revenue - January through March 2024



*Total revenue is after taxes and charity allocation.



HHR Game Room Revenue - January through March 2024



*Total revenue is after taxes and charity allocation.



Auditing Update

There has been an increase of new HHR offerings, including the installation of new machines, and game theme conversions on existing machines. The Auditing Unit is responsible for reviewing terminal testing documents, prior to activation. By following some simple guidelines, the time it takes to receive approval will be reduced.

Initially providing all the required documentation enables the team to efficiently review and approve the testing. If the documentation is incomplete, or if there are errors in the testing, an auditor must contact the room to get resolution, which can significantly slow the approval process.



Documents required to be submitted include the following:

Internal testing sheets for each machine tested, which must include:

- Bill validator testing, including the number and denomination of each bill tested.
 - Note: if a test is repeated, you must document the number of times it was repeated.
- Vouchers in and out by terminal.
- Wagers placed and prizes won by terminal.
- Free play amount by terminal.

Detailed back-office reports (e.g., Wigos, Oasis, etc.), which must include:

- Currency in by terminal.
- Wagers placed and prizes won by terminal.
- Vouchers in and out by terminal.
- Free play amount by terminal.

Tote reports (Exacta, Ainsworth, Castle Hill, or Parimax), which must include:

- Wagers placed and prizes won by terminal.
- Commission (takeout) by terminal.
- Free play amount by terminal (if available).
- Bill validator reports (if available).

For conversions only:

- When performing bill validator testing for conversions, it is not necessary to test each denomination. A representative sample of commonly inserted bills for each terminal (2-3) may be tested.
- It is critical to have a clean cut-off when converting a game theme on an existing machine. The existing game theme should be 'retired' prior to the new game conversion and testing date.

All testing documents should be reconciled, prior to submission and must be sent via email to:

swc.lotteryauditors@lottery.nh.gov

Important Note: Auditing and Enforcement each need to provide their approval before machines can go live, so be mindful that testing approval from Auditing does not necessarily mean the machines can be offered for play.



Investigation Update

The guidelines for Historical Horse Racing (HHR) game conversions, installations and movements have recently been updated.

While not required, following the guidelines will speed up the review process and allow quicker turnaround for the "go-live" of all such requests. This process consists of 4 steps which are all listed on the document. All guidance documents are available on our website at www.compliance.lottery.nh.gov.



Steps for HHR Conversions, Installations, & Movements

1. EMAIL REQUEST

Requests for approval of game conversions, installations, & movements should be submitted in writing at least 30 days prior to the proposed implementation date.

The written request should include:

1. Introductory information describing what is being done which includes:
 - a. Whether the request is for conversions, installations, or game movements (due to performance, etc.);
 - b. What is being converted, installed, or moved;
 - c. The date the conversion, installation, or game movement will be conducted with the anticipated start and completion dates.
2. The game theme, lab report ID (if a new game), area, bank, terminal serial number, and asset number of each terminal involved. Ideally, this should be submitted as an updated terminal list with the effected terminals highlighted.

Requests should be emailed to the Lottery Commission at compliance@lottery.nh.gov with the email labeled as an "HHR Request".

2. GAME TESTING

Once the conversion, installation, or movement has been completed, test each of the effected terminals to ensure they are operating properly. Testing must be documented to demonstrate that a minimum of the following has been tested and/or verified:

1. The name of the game theme, asset, serial number, location;
2. Coin test - what denomination of bills were placed in the terminal;
3. Ticket In and Ticket Out for verification that the game matches the vouchers information, and;
4. Maximum bet to check progressives, player cards (if applicable), jackpots, pool seeds, payouts and takeouts.

**When installing a new bank of terminals or new game themes to the game room, the testing must be submitted for review by the Auditing Unit prior to the terminals being activated for play ("go-live"). Testing documentation should be sent to compliance@lottery.nh.gov with the email labeled as "HHR Testing Documentation".

All testing documentation must be maintained by the game room for at least 2 years and provided to the Lottery Commission upon request.

3. TOTE AND BACK OFFICE RECONCILIATION

Once testing has been completed, reconcile the tote to the back-office system to ensure game terminal information matches between the tote and the back-office reporting.

**When installing a new bank of terminals or new game themes to the game room, the testing must be submitted for review by the Auditing Unit prior to the terminals being activated for play ("go-live"). Testing documentation should be sent to compliance@lottery.nh.gov with the email labeled as "HHR testing documentation".

4. NOTIFICATION OF COMPLETION

Notify the Lottery Commission at compliance@lottery.nh.gov with the email labeled "HHR Completion" to confirm that the conversion, installation, or game movement has been completed. When applicable, include an updated terminal list and floor plan.

**When installing a new bank of terminals or new game themes to the game room, an inspection by the Lottery Commission will be required. The Enforcement Unit will reach out to the game room to coordinate an agreed upon date and time for the inspection. Assuming there are not issues, the Lottery Commission will send back a confirmation email with approval for the terminals to be activated ("go-live").

Any questions regarding this guidance, may be sent to compliance@lottery.nh.gov.



Licensing Update

As of May 1st, licensing will no longer be accepting any previous versions of our forms. The latest forms and reports have been posted on our website at compliance.lottery.nh.gov under the Applications & Forms tab.



NEW Monthly Financial Reports

New Monthly Financial Reports (MFRs) for Bingo and Lucky 7 have officially gone live. Our office will no longer be accepting any previous versions of these forms.

For assistance in filling out these forms, please visit our website at compliance.lottery.nh.gov where we have posted a video under the Guidance section of a live session which was held in April. The video goes over which MFR to use, and how to fill out and submit each type. If there are further questions relating to these new MFRs please contact lincensing@lottery.nh.gov.

Primary & Secondary Game Operator Renewal Process

Licenses for Primary & Secondary Game Operators (PGOs & SGOs) are valid for 3 years. This is because the license is tied to the applicant's background check, which is now valid for 3 years. However, a renewal application must be submitted with payment annually until the 3 years have passed.

EXAMPLE

1. Licensed Jan 01, 2024

Operator Application WITH Background Check & Badge Request Form

PGO Fee \$100
SGO Fee \$30
Badge Fee \$10

1. A new operator applies for a license and goes through the background check process; they have a **January birthday**. We receive their background check results back and licensed the operator on Jan 01, 2024. This operator's license is now valid for 3 years, expiring Jan 1, 2027.

2. Renewed Jan 01, 2025

Operator Renewal Application ONLY

PGO Fee \$100
SGO Fee \$30

2. To maintain the license the operator must submit a renewal application without background check information 60 days before Jan 1, 2025.

3. Renewed Jan 01, 2026

Operator Renewal Application ONLY

PGO Fee \$100
SGO Fee \$30

3. The operator must also submit a renewal application without background check information 60 days before Jan 1, 2026.

4. Licensed Jan 01, 2027

Operator Application WITH Background Check & Badge Request Form

PGO Fee \$100
SGO Fee \$30
Badge Fee \$10

4. The process re-starts 60 days before Jan 1, 2027, when the operator will have to submit another application with a background check.

Reminders

As a reminder, NH Lottery Commission does not regulate raffles. If raffles are being held at a Bingo/Lucky 7 event, the finances must be kept completely separate from Bingo/Lucky 7.



The Bingo/Lucky 7 bank accounts cannot be used to deposit revenue or pay expenses related to raffles, food/beverage, or any other non-Bingo/Lucky 7 related items sold at a licensed event. The Bingo/Lucky 7 bank accounts must only be used for activities specific to Bingo/Lucky 7.

While the sale of non-Bingo/Lucky 7 items can take place at a Bingo event, as far as the finances are concerned, they are considered separate from the event itself.

Using the Bingo/Lucky 7 accounts for any other purpose (including raffle and/or food & beverage) is considered commingling of funds, which is prohibited by Lot 7007.04(c)(2).

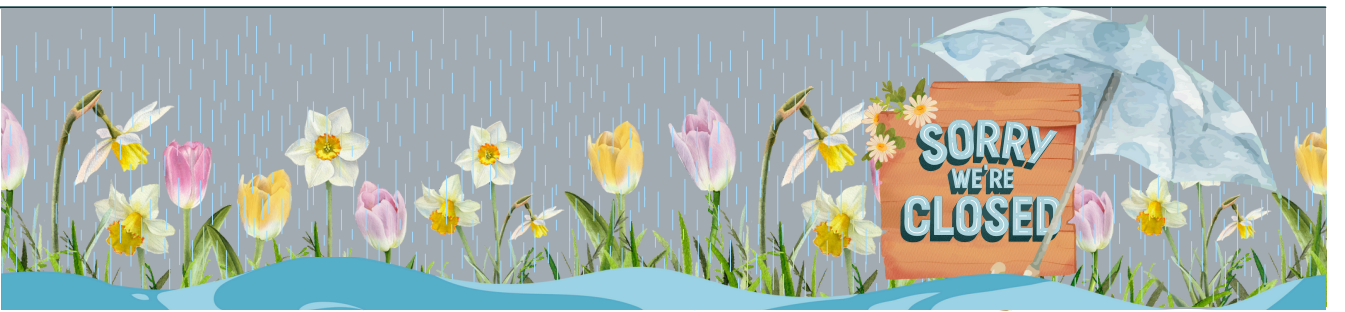
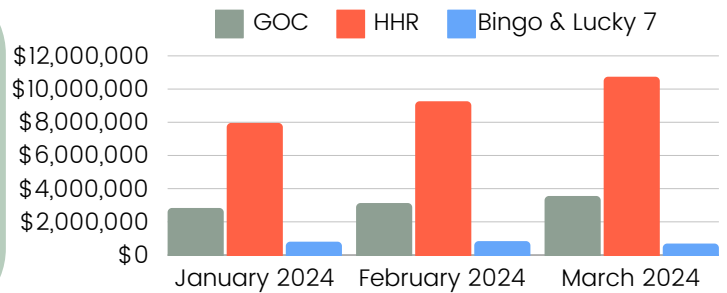


Supporting New Hampshire Communities

All funds raised through charitable gaming in New Hampshire are required to be used to fund charitable endeavors within the New Hampshire community.

During Quarter 3 of fiscal year 2024, charitable gaming was able to support **434** charities. Of those charities, **289** received funds from Games of Chance and Historic Horse Racing events, and **145** charities received funds from Bingo and Lucky 7 events.

Quarter 3 charities have earned approximately **\$13,254,070**.



Inclement Weather & Holiday Closures Reminder

We want to remind all charitable gaming establishments that if you are closing due to any weather-related matters or for any holidays in the coming months, please send an email to the licensing department at licensing@lottery.nh.gov. Not all establishments are closed on specific holidays so it is very important that the commission is given advanced notice if a room will be closed.

If a charitable gaming establishment will not be opening due to a weather-related matter, the commission must be notified within 24-hours of the closing. If a notice is received within the 24-hour time frame and the reason is legitimate, the appropriate parties could receive a credit for the closed game date.

Any credits that are not used before the end of the quarter will be automatically refunded. Please contact the licensing department at [603-271-7613](tel:603-271-7613) in regard to information about credits or refunds.

New Hampshire Lottery Commission wishes all of our licensees a happy and prosperous spring season.

