

DISTRIBUTION OF FUNDS WHEN OFFERING A “DEALER ADD-ON”

STATUTES DICTATING THE DISPERSION OF FUNDS

RSA 287-D:14, XVII limits prize payout to no more than 80% of the total amount collect from player, and RSA 287-D:20, I requires that 3% of all funds collected be paid to the State. In both cases, the amount collected from player includes all entrance fees, buy-ins, re-buys and add-ons.

RSA 287-D:19 requires that the charity receive no less than 35% of the gross revenues minus any prizes paid. The Game Operator Employer (GOE) receives whatever funds remain after prizes, State tax and the Charity are paid. The GOE may also receive payment from the charity for rent, if applicable. The examples below do not address rental payments.

RSA 287-D:14, XV and XVI limits the amount a player may spend per game to \$150, including buy-ins and re-buys (and add-ons), with the exception of one game per event in which players may spend up to \$250. The amount paid by a player for the Dealer Add-on must be included in the total amount spent by the player.

EXAMPLES OF HOW FUNDS MAY BE DISPERSED

As demonstrated in the examples below, the amounts dispersed may vary depending on how the Game Operator Employer applies the “Dealer-Add on”, but in all cases, the “tip” paid to the dealer must come from the GOE’s portion of the revenue. The Lottery Commission does not regulate how the GOE spends its allotment, so the GOE is free to share its portion the revenue with the dealer in any manner it chooses.

The key points to remember are:

- (1) Dealer Add-on purchases must be included in the total funds collected from players;
- (2) Dealer Add-ons must comply with the player spending limits set by statute;
- (3) the charity must receive 35% of the revenue that remain after prizes are paid; and
- (4) Dealer Add-on “tips” given to dealers must come from the GOE’s share of the revenue.

EXAMPLE A: Traditionally, if a players pays \$150 to enter a tournament, up to 80% of the total funds collected would be paid out in prize, and 3% of total funds collected would be paid to the State. The charity would receive 35% of the gross revenue (after prizes) and the Game Operator Employer would receive the balance.

EXAMPLE A

1	TOTAL COLLECTED FROM PLAYERS (including buy-ins and re-buys)	\$150.00
2	PRIZES PAID (80% of Line 1)	\$120.00
3	RAKE/REVENUE (Lines 1 minus Line 2)	\$30.00
4	STATE TAX (3% of Line 1)	\$4.50
5	CHARITY ALLOCATION (Line 3 x 0.35)	\$10.50
6	GOE’s SHARE OF REVENUE (Line 3 minus Lines 4 and 5)	\$15.00

EXAMPLE B: If the Game Operator Employer wants to maintain an 80% prize payout, and award the \$10 Dealer Add-on fee to the dealer, then the amounts noted above remain the same except that the Game Operator Employer would divide its portion, so that \$10.00 goes to the dealer. Although the a Dealer Add-on has been described as a “tip”, it is not a “tip” in the traditional sense, because it is tied to the player receiving chips. Therefore, Dealer Add-on fees must be included in the total “amount collected from players”, and payment to the dealer cannot be taken from funds due to the charity or to the State.

EXAMPLE B

1	TOTAL COLLECTED FROM PLAYERS (including buy-ins and re-buys)	\$150.00
2	PRIZES PAID (80% of Line 1)	\$120.00
3	RAKE/REVENUE (Lines 1 minus Line 2)	\$30.00
4	STATE TAX (3% of Line 1)	\$4.50
5	CHARITY ALLOCATION (Line 3 x 0.35)	\$10.50
6	GOE’s SHARE OF REVENUE (Line 3 minus Lines 4 and 5)	\$15.00
6-a	Dealer Add-On	\$10.00
6-b	Portion Retained by GOE (Line 6 minus Line 6-a)	\$5.00

EXAMPLE C: If the Dealer Add-on will not be included in the prize payout, then the total collected from players is still \$150, but the percentage returned in prizes would be a less. In the following example, the prize payout is based only on 80% of the \$140 tournament fee. This equates to 74.7% of the total amount collected from the player. RSA 287-D:14, XVII caps the prize payout to no more than 80% of the total amount collect from player, so it is within the law to pay less in prizes.

EXAMPLE C

1	TOTAL COLLECTED FROM PLAYERS (including buy-ins and re-buys)	\$150.00
1-a	Tournament Fee	\$140.00
1-b	Dealer Add-on Fee	\$10.00
2	PRIZES PAID (80% of Line 1-a)	\$112.00
3	RAKE/REVENUE (Lines 1 minus Line 2)	\$38.00
4	STATE TAX (3% of Line 1)	\$4.50
5	CHARITY ALLOCATION (Line 3 x 0.35)	\$13.30
6	GOE’s SHARE OF REVENUE (Line 3 minus lines 4 and 5)	\$20.20
6-a	Dealer Add-On	\$10.00
6-b	Portion Retained by GOE (Line 6 minus 6-a)	\$10.20