

AMENDMENTS TO LB1317

Introduced by Linehan, 39.

1 1. Strike the original section and insert the following new
2 sections:

3 Section 1. Sections 1 to 10 of this act shall be known and may be
4 cited as the Racing and Gaming Winnings Setoff Act.

5 Sec. 2. The purposes of the Racing and Gaming Winnings Setoff Act
6 are to:

7 (1) Establish and maintain a procedure to set off against a debtor's
8 casino winnings, parimutuel winnings, or sports wagering winnings any
9 debt (a) that is assigned to the Department of Health and Human Services
10 or that any individual not eligible as a public assistance recipient is
11 attempting to collect through the Title IV-D child support enforcement
12 program, (b) that has accrued through written contract, subrogation, or
13 court judgment, and (c) that is in the form of a liquidated amount due
14 and owing for the care, support, or maintenance of a child or for medical
15 or spousal support; and

16 (2) Establish and maintain a procedure to set off against a
17 taxpayer's casino winnings, parimutuel winnings, or sports wagering
18 winnings the amount of such taxpayer's outstanding state tax liability as
19 determined by the Department of Revenue.

20 Sec. 3. For purposes of the Racing and Gaming Winnings Setoff Act,
21 unless the context otherwise requires:

22 (1) Authorized gaming operator has the same meaning as in section
23 9-1103;

24 (2) Casino winnings means any winnings won by a player from a game
25 of chance at a licensed racetrack enclosure under the jurisdiction of the
26 State Racing and Gaming Commission;

27 (3) Claimant means:

1 (a) The Department of Health and Human Services with respect to
2 collection of a debt owed by a parent in a case involving a recipient of
3 aid to dependent children in which rights to child, spousal, or medical
4 support payments have been assigned to this state;

5 (b) An individual who is not eligible as a public assistance
6 recipient and to whom a debt is owed that the individual is attempting to
7 collect through the Title IV-D child support enforcement program; or

8 (c) Any person or entity entitled to receive child support, spousal
9 support, or medical support as defined in section 43-1712.01 pursuant to
10 an order issued by a court or agency of another state or jurisdiction,
11 including an agency of another state or jurisdiction to which a person
12 has assigned his or her right to receive such support. Such a claimant
13 shall submit certification and documentation to the Department of Health
14 and Human Services sufficient to satisfy the requirements of section
15 43-1730;

16 (4) Collection system means the collection system developed and
17 implemented pursuant to section 4 of this act;

18 (5) Debt means any liquidated amount of arrears that has accrued
19 through assignment, contract, subrogation, court judgment, or operation
20 of law, regardless of whether there is an outstanding judgment for such
21 amount, and that is for the care, support, or maintenance of a child or
22 for medical or spousal support;

23 (6) Debtor means any individual owing money to or having a
24 delinquent account with any claimant that has not been satisfied by court
25 order, set aside by court order, or discharged in bankruptcy;

26 (7) Hand payment means a payout of casino winnings, parimutuel
27 winnings, or sports wagering winnings to which a winner is entitled in
28 the amount of one thousand two hundred dollars or more that is not
29 allowed to be paid out by machine;

30 (8) Licensee means any corporation or association licensed under
31 sections 2-1201 to 2-1218 and authorized to conduct parimutuel wagering

1 at the licensed racetrack;

2 (9) Net hand payment means the hand payment amount minus the
3 outstanding state tax liability balance and debt;

4 (10) Outstanding state tax liability means any liability arising
5 from any tax or fee, including penalties and interest, under any tax
6 program administered by the Tax Commissioner, Department of Labor, or
7 Department of Motor Vehicles;

8 (11) Parimutuel winnings means any winnings won by a player from a
9 parimutuel wager at a licensed racetrack under the jurisdiction of the
10 State Racing and Gaming Commission;

11 (12) Sports wagering winnings means any winnings won by a player
12 from sports wagering as defined in section 9-1103 on a sports wager
13 authorized by the State Racing and Gaming Commission; and

14 (13) Spousal support has the same meaning as in section 43-1715.

15 Sec. 4. (1) The Department of Revenue, in consultation with the
16 Department of Health and Human Services, shall develop and implement a
17 collection system to carry out the purposes of the Racing and Gaming
18 Winnings Setoff Act.

19 (2) The Department of Health and Human Services may submit any
20 certified debt of twenty-five dollars or more to the collection system
21 except when the validity of the debt is legitimately in dispute. The
22 submission of debts of past-due support shall be a continuous process
23 that allows the amount of debt to fluctuate up or down depending on the
24 actual amount owed.

25 (3) The Department of Revenue may submit to the collection system
26 any amount of certified debt and any amount of outstanding state tax
27 liability owed by a taxpayer except when the validity of the outstanding
28 state tax liability is legitimately in dispute. The inclusion of
29 outstanding state tax liability in the amount owed shall be a continuous
30 process that allows the amount owed to fluctuate up or down depending on
31 the actual amount of outstanding state tax liability owed.

1 (4) The collection system shall provide the authorized gaming
2 operator or licensee with the total amount owed without detailing the
3 source of any of the amounts owed.

4 (5) The amount of outstanding state tax liability and debt owed
5 shall be prima facie evidence of the validity of the liability.

6 Sec. 5. (1) Beginning January 1, 2025, prior to making a hand
7 payment presented for a cash payout, an authorized gaming operator or
8 licensee shall check the collection system to determine if there is an
9 outstanding state tax liability or a debt owed by the winner at a
10 licensed racetrack enclosure or licensed racetrack. An authorized gaming
11 operator or licensee shall have access to the collection system to look
12 up winners that are due hand payments for purposes of complying with the
13 Racing and Gaming Winnings Setoff Act. An authorized gaming operator or
14 licensee shall not access the system for any other purpose.

15 (2) An authorized gaming operator or licensee that fails to check
16 the collection system for debt or an outstanding state tax liability and
17 collect the amounts owed shall be subject to a fine by the State Racing
18 and Gaming Commission of not more than twenty-five thousand dollars.

19 Sec. 6. (1) Beginning January 1, 2025, prior to making a hand
20 payment presented for a cash payout and after the authorized gaming
21 operator or licensee has checked the collection system as provided in
22 section 5 of this act, the authorized gaming operator or licensee shall
23 deduct the amount of outstanding state tax liability and debt identified
24 in the collection system from the hand payment and shall remit the net
25 hand payment, if any, to the winner and the amount deducted to the
26 Department of Revenue in a manner prescribed by the department.

27 (2) If an authorized gaming operator or licensee determines that a
28 debtor or taxpayer identified using the collection system is entitled to
29 a hand payment, the operator or licensee shall notify the Department of
30 Revenue in a manner prescribed by the department that a balance of debt
31 or outstanding state tax liability owed by the winner is being remitted

1 to the department.

2 (3) The Department of Revenue shall first credit any such hand
3 payment against any debt of such winner certified by the Department of
4 Health and Human Services until such debt is satisfied and then against
5 any outstanding state tax liability owed by such winner until such
6 liability is satisfied on a pro rata basis.

7 Sec. 7. (1) Within twenty days after a transfer pursuant to section
8 6 of this act due to an outstanding state tax liability, the Department
9 of Revenue shall notify the winner of the transfer. The notice shall
10 state (a) the basis for the claim to the outstanding state tax liability
11 by the Department of Revenue, (b) the application of the hand payment
12 against the outstanding state tax liability of the taxpayer or against
13 the debt owed a claimant, (c) the taxpayer's opportunity to give written
14 notice of intent to contest the validity of the claim before the
15 Department of Revenue within thirty days after the date of the mailing of
16 the notice, (d) the mailing address to which the request for a hearing
17 must be sent, and (e) that a failure to contest the claim in writing
18 within the thirty-day period will be deemed a waiver of the opportunity
19 to contest the claim resulting in a setoff by default.

20 (2)(a) Within twenty days after notification from the Department of
21 Revenue of a transfer pursuant to section 6 of this act due to owing a
22 debt certified by the Department of Health and Human Services, the
23 Department of Health and Human Services shall send written notification
24 to the debtor of an assertion of its rights, or of the rights of an
25 individual not eligible as a public assistance recipient, to all or a
26 portion of the debtor's hand payment.

27 (b) The written notification shall clearly set forth (a) the basis
28 for the claim to the hand payment, (b) the intention to apply the hand
29 payment against the debt to a claimant, (c) the debtor's opportunity to
30 give written notice of intent to contest the validity of the claim before
31 the Department of Health and Human Services within thirty days after the

1 date of the mailing of the notice, (d) the mailing address to which the
2 request for a hearing must be sent, and (e) that failure to apply for a
3 hearing in writing within the thirty-day period will be deemed a waiver
4 of the opportunity to contest the claim resulting in a setoff by default.

5 Sec. 8. (1)(a) A written request by a winner pursuant to subsection
6 (1) of section 7 of this act shall be effective upon mailing the request,
7 postage prepaid and properly addressed, to the Department of Revenue.

8 (b) Any appeal or action taken as a result of a decision pursuant to
9 subdivision (1)(a) of this section shall be in accordance with the
10 Administrative Procedure Act.

11 (2)(a) A written request for a hearing by a winner pursuant to
12 subsection (2) of section 7 of this act shall be effective upon mailing
13 the request, postage prepaid and properly addressed, to the Department of
14 Health and Human Services.

15 (b) If the Department of Health and Human Services receives a
16 written request for a hearing contesting a claim, the department shall
17 grant a hearing to the debtor to determine whether the claim is valid. If
18 the amount asserted as due and owing is not correct, an adjustment to the
19 claimed amount shall be made. No issues shall be reconsidered at the
20 hearing which have been previously litigated.

21 (c) Any appeal of an action taken at or as a result of a hearing
22 held pursuant to subdivision (2)(b) of this section shall be in
23 accordance with the Administrative Procedure Act.

24 Sec. 9. The collection remedy authorized by the Racing and Gaming
25 Winnings Setoff Act is in addition to and not in substitution for any
26 other remedy available by law.

27 Sec. 10. The Department of Health and Human Services, the
28 Department of Revenue, and the State Racing and Gaming Commission may
29 adopt and promulgate rules and regulations to carry out the Racing and
30 Gaming Winnings Setoff Act.

31 Sec. 11. Section 2-1207, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 2-1207 (1) Within the enclosure of any racetrack where a race or
3 race meeting licensed and conducted under sections 2-1201 to 2-1218 is
4 held or at a racetrack licensed to simulcast races or conduct interstate
5 simulcasting, the parimutuel method or system of wagering on the results
6 of the respective races may be used and conducted by the licensee. Under
7 such system, the licensee may receive wagers of money from any person
8 present at such race or racetrack receiving the simulcast race or
9 conducting interstate simulcasting on any horse in a race selected by
10 such person to run first in such race, and the person so wagering shall
11 acquire an interest in the total money so wagered on all horses in such
12 race as first winners in proportion to the amount of money wagered by him
13 or her. Such licensee shall issue to each person so wagering a
14 certificate on which shall be shown the number of the race, the amount
15 wagered, and the number or name of the horse selected by such person as
16 first winner. As each race is run, at the option of the licensee, the
17 licensee may deduct from the total sum wagered on all horses as first
18 winners not less than fifteen percent or more than eighteen percent from
19 such total sum, plus the odd cents of the redistribution over the next
20 lower multiple of ten. At the option of the licensee, the licensee may
21 deduct up to and including twenty-five percent from the total sum wagered
22 by exotic wagers as defined in section 2-1208.03. The commission may
23 authorize other levels of deduction on wagers conducted by means of
24 interstate simulcasting. The licensee shall notify the commission in
25 writing of the percentages the licensee intends to deduct during the live
26 race meet conducted by the licensee and shall notify the commission at
27 least one week in advance of any changes to such percentages the licensee
28 intends to make. The licensee shall also deduct from the total sum
29 wagered by exotic wagers, if any, the tax plus the odd cents of the
30 redistribution over the next multiple of ten as provided in subsection
31 (1) of section 2-1208.04. The balance remaining on hand shall be paid out

1 to the holders of certificates on the winning horse in the proportion
2 that the amount wagered by each certificate holder bears to the total
3 amount wagered on all horses in such race to run first. The licensee may
4 likewise receive such wagers on horses selected to run second, third, or
5 both, or in such combinations as the commission may authorize, the
6 method, procedure, and authority and right of the licensee, as well as
7 the deduction allowed to the licensee, to be as specified with respect to
8 wagers upon horses selected to run first.

9 (2) At all race meets held pursuant to this section, the licensee
10 shall deduct from the total sum wagered one-third of the amount over
11 fifteen percent deducted pursuant to subsection (1) of this section on
12 wagers on horses selected to run first, second, or third and one percent
13 of all exotic wagers to be used to promote agriculture and horse breeding
14 in Nebraska and for the support and preservation of horseracing pursuant
15 to section 2-1207.01.

16 (3) No person under twenty-one years of age shall be permitted to
17 make any parimutuel wager, and there shall be no wagering on horseracing
18 except under the parimutuel method outlined in this section. Any person,
19 association, or corporation who knowingly aids or abets a person under
20 twenty-one years of age in making a parimutuel wager shall be guilty of a
21 Class I misdemeanor.

22 (4) Beginning January 1, 2025, prior to the hand payment of any
23 parimutuel winnings as defined in section 3 of this act, an authorized
24 gaming operator or licensee licensed to conduct parimutuel wagering shall
25 check the collection system to determine if the winner has an outstanding
26 state tax liability or a debt as required by the Racing and Gaming
27 Winnings Setoff Act. If such authorized gaming operator or licensee
28 determines that the winner is subject to the collection system, the
29 operator shall deduct the amount of outstanding state tax liability and
30 debt identified in the collection system from the hand payment and shall
31 remit the net hand payment of parimutuel winnings, if any, to the winner

1 and the amount deducted to the Department of Revenue to be credited
2 against such debt or outstanding tax liability as provided in section 6
3 of this act.

4 Sec. 12. Section 9-810, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 9-810 (1) A person under nineteen years of age shall not purchase a
7 lottery ticket. No lottery ticket shall be sold to any person under
8 nineteen years of age. No person shall purchase a lottery ticket for a
9 person under nineteen years of age, and no person shall purchase a
10 lottery ticket for the benefit of a person under nineteen years of age.

11 (2) No lottery ticket shall be sold and no prize shall be awarded to
12 the Tax Commissioner, the director, or any employee of the division or
13 any spouse, child, brother, sister, or parent residing as a member of the
14 same household in the principal place of abode of the Tax Commissioner,
15 the director, or any employee of the division.

16 (3) With respect to a lottery game retailer under contract to sell
17 lottery tickets whose rental payment for premises is contractually
18 computed in whole or in part on the basis of a percentage of retail sales
19 and when the computation of retail sales is not explicitly defined to
20 include the sale of lottery tickets, the amount of retail sales for
21 lottery tickets by the retailer for purposes of such a computation may
22 not exceed the amount of compensation received by the retailer from the
23 division.

24 (4) Once any prize is awarded in conformance with the State Lottery
25 Act and any rules and regulations adopted under the act, the state shall
26 have no further liability with respect to that prize.

27 (5) Prior to the payment of any lottery prize in excess of five
28 hundred dollars for a winning lottery ticket presented for redemption to
29 the division, the division shall check the name and social security
30 number of the winner with a list provided by the Department of Revenue of
31 people identified as having an outstanding state tax liability and a list

1 of people certified by the Department of Health and Human Services as
2 owing a debt as defined in section 77-27,161. The division shall credit
3 any such lottery prize against any outstanding state tax liability owed
4 by such winner and the balance of such prize amount, if any, shall be
5 paid to the winner by the division. The division shall credit any such
6 lottery prize against any certified debt in the manner set forth in
7 sections 77-27,160 to 77-27,173. If the winner has both an outstanding
8 state tax liability and a certified debt, the division shall first credit
9 any such lottery prize against any certified debt in the manner set forth
10 in sections 77-27,160 to 77-27,173 until such debt is satisfied and then
11 against any outstanding tax liability until such liability is satisfied
12 ~~add the liability and the debt together and pay the appropriate agency or~~
13 ~~person a share of the prize in the proportion that the liability or debt~~
14 ~~owed to the agency or person is to the total liability and debt.~~

15 Sec. 13. Section 9-1104, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 9-1104 (1) The operation of games of chance at a licensed racetrack
18 enclosure may be conducted by an authorized gaming operator who holds an
19 authorized gaming operator license.

20 (2) No more than one authorized gaming operator license shall be
21 granted for each licensed racetrack enclosure within the state. It shall
22 not be a requirement that the person or entity applying for or to be
23 granted such authorized gaming operator license hold a racing license or
24 be the same person or entity who operates the licensed racetrack
25 enclosure at which such authorized gaming operator license shall be
26 granted.

27 (3) Gaming devices, limited gaming devices, and all other games of
28 chance may be operated by authorized gaming operators at a licensed
29 racetrack enclosure.

30 (4) No person younger than twenty-one years of age shall play or
31 participate in any way in any game of chance or use any gaming device or

1 limited gaming device at a licensed racetrack enclosure.

2 (5) No authorized gaming operator shall permit an individual younger
3 than twenty-one years of age to play or participate in any game of chance
4 or use any gaming device or limited gaming device conducted or operated
5 pursuant to the Nebraska Racetrack Gaming Act.

6 (6) If the licensed racetrack enclosure at which such authorized
7 gaming operator conducts games of chance does not hold the minimum number
8 of live racing meets required under section 2-1205, the authorized gaming
9 operator shall be required to cease operating games of chance at such
10 licensed racetrack enclosure until such time as the commission determines
11 the deficiency has been corrected.

12 (7) Beginning January 1, 2025, prior to the hand payment of any
13 casino winnings as defined in section 3 of this act, an authorized gaming
14 operator shall check the collection system to determine if the winner has
15 an outstanding state tax liability or a debt as required by in the Racing
16 and Gaming Winnings Setoff Act. If such authorized gaming operator
17 determines that the winner is subject to the collection system, the
18 operator shall deduct the amount of outstanding state tax liability and
19 debt identified in the collection system from the hand payment and shall
20 remit the net hand payment of casino winnings, if any, to the winner and
21 the amount deducted to the Department of Revenue to be credited against
22 such debt or outstanding tax liability as provided in section 6 of this
23 act.

24 Sec. 14. Section 9-1110, Revised Statutes Supplement, 2023, is
25 amended to read:

26 9-1110 (1) The commission may permit an authorized gaming operator
27 to conduct sports wagering. Any sports wager shall be placed in person or
28 at a wagering kiosk in the designated sports wagering area at the
29 licensed racetrack enclosure. A parimutuel wager in accordance with
30 sections 2-1201 to 2-1218 may be placed in the designated sports wagering
31 area at the licensed racetrack enclosure. An individual employed and

1 authorized to accept a sports wager may also accept a parimutuel wager.

2 (2) A floor plan identifying the designated sports wagering area,
3 including the location of any wagering kiosks, shall be filed with the
4 commission for review and approval. Modification to a previously approved
5 plan must be submitted for approval at least ten days prior to
6 implementation. The area shall not be accessible to persons under twenty-
7 one years of age and shall have a sign posted to restrict access.
8 Exceptions to this subsection must be approved in writing by the
9 commission.

10 (3) The authorized gaming operator shall submit controls for
11 approval by the commission, that include the following for operating the
12 designated sports wagering area:

13 (a) Specific procedures and technology partners to fulfill the
14 requirements set forth by the commission;

15 (b) Other specific controls as designated by the commission;

16 (c) A process to easily and prominently impose limitations or
17 notification for wagering parameters, including, but not limited to,
18 deposits and wagers; and

19 (d) An easy and obvious method for a player to make a complaint and
20 to enable the player to notify the commission if such complaint has not
21 been or cannot be addressed by the sports wagering operator.

22 (4) The commission shall develop policies and procedures to ensure a
23 prohibited participant is unable to place a sports wager or parimutuel
24 wager.

25 (5) Beginning January 1, 2025, prior to the hand payment of any
26 sports wagering winnings as defined in section 3 of this act, an
27 authorized gaming operator shall check the collection system to determine
28 if the winner has an outstanding state tax liability or a debt as
29 required by the Racing and Gaming Winnings Setoff Act. If such authorized
30 gaming operator determines that the winner is subject to the collection
31 system, the operator shall deduct the amount of outstanding state tax

1 liability and debt identified in the collection system from the hand
2 payment and shall remit the net hand payment of sports wagering winnings,
3 if any, to the winner and the amount deducted to the Department of
4 Revenue to be credited against such debt or outstanding tax liability as
5 provided in section 6 of this act.

6 Sec. 15. Section 43-512.12, Revised Statutes Cumulative Supplement,
7 2022, is amended to read:

8 43-512.12 (1) Child support orders in cases in which a party has
9 applied for services under Title IV-D of the federal Social Security Act,
10 as amended, shall be reviewed by the Department of Health and Human
11 Services to determine whether to refer such orders to the county attorney
12 or authorized attorney for filing of an application for modification. An
13 order shall be reviewed by the department upon its own initiative or at
14 the request of either parent when such review is required by Title IV-D
15 of the federal Social Security Act, as amended. After review the
16 department shall refer an order to a county attorney or authorized
17 attorney when the verifiable financial information available to the
18 department indicates:

19 (a) The present child support obligation varies from the Supreme
20 Court child support guidelines pursuant to section 42-364.16 by more than
21 the percentage, amount, or other criteria established by Supreme Court
22 rule, and the variation is due to financial circumstances which have
23 lasted at least three months and can reasonably be expected to last for
24 an additional six months; or

25 (b) Health care coverage meeting the requirements of subsection (2)
26 of section 42-369 is available to either party and the children do not
27 have health care coverage other than the medical assistance program under
28 the Medical Assistance Act.

29 Health care coverage cases may be modified within three years of
30 entry of the order.

31 (2) Orders that are not addressed under subsection (1) of this

1 section shall not be reviewed by the department if it has not been three
2 years since the present child support obligation was ordered unless the
3 requesting party demonstrates a substantial change in circumstances that
4 is expected to last for the applicable time period established by
5 subdivision (1)(a) of this section. Such substantial change in
6 circumstances may include, but is not limited to, change in employment,
7 earning capacity, or income or receipt of an ongoing source of income
8 from a pension, gift, ~~or~~ lottery winnings, casino winnings, parimutuel
9 winnings, or sports wagering winnings. An order may be reviewed after one
10 year if the department's determination after the previous review was not
11 to refer to the county attorney or authorized attorney for filing of an
12 application for modification because financial circumstances had not
13 lasted or were not expected to last for the time periods established by
14 subdivision (1)(a) of this section.

15 (3) Notwithstanding the time periods set forth in subdivision (1)(a)
16 of this section, within fifteen business days of learning that a
17 noncustodial parent will be incarcerated for more than one hundred eighty
18 calendar days, the department shall send notice by first-class mail to
19 both parents informing them of the right to request the state to review
20 and, if appropriate, adjust the order. Such notice shall be sent to the
21 incarcerated parent at the address of the facility at which the parent is
22 incarcerated.

23 Sec. 16. Original sections 2-1207, 9-810, and 9-1104, Reissue
24 Revised Statutes of Nebraska, section 43-512.12, Revised Statutes
25 Cumulative Supplement, 2022, and section 9-1110, Revised Statutes
26 Supplement, 2023, are repealed.