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General Affairs Committee January 27, 2025
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HOLDCROFT: I am Senat-- Senator Rick Holdcroft, representing Legislative District 36, and I serve as chair of the, of the committee. The committee will take up the bills and nominees in the order posted. This public hearing today is your opportunity to be part of the legislative process and to express your position on the proposed legislation and nominees before us. If you are planning to testify today, please fill out one of the green testifiers sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. Please move to the front row to be ready to testify. When it is your turn to come forward, give the testifier sheet to the page. If you do not wish to testify but would like to indicate your position on a bill, there are also a yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by the-- by proponents of the bill, then opponents of the bill, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We will be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining. And the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow, which do not count against your time. Also, committee members may come and go during the commit-- and-- during the hearing. They've already gone. This has nothing to do with the importance of the bills being heard. It is just part of the process, as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only

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those testifying in person before the committee will be included on the committee statement. I will now have the committee members with us today introduce themselves, starting on my left.

DeKAY: Good afternoon. I'm Senator Barry DeKay from District 40, representing Holt, Knox, Antelope, Cedar, the northern part of Pierce and northern part of Dixon County.

QUICK: Dan Quick, District 35: Grand Island.

CLOUSE: Stan Clouse, District 37, which is Kearney, Shelton, and Gibbon.

ROUNTREE: Victor Rountree, District 3, which is Bellevue, Papillion, and part of Sarpy County.

STORM: Good afternoon. Jared Storm, District 23: Saunders, Butler, Colfax County.

HOLDCROFT: Thank you. Also assisting the committee today: to my right is our committee research analyst, Micah Chaffee; and to my far left is the real person in charge, committee clerk Barb Dorn. Our pages for the committee today are Tate Smith of Columbus, a junior at the University of Nebraska-Lincoln, majoring in political science [SIC], and Arnva [SIC] Risha-- Rishay?

ARNAV RISHI: Rishi.

HOLDCROFT: Rishi of Omaha, also a junior at UNL and a political science major. Today's agenda is posted outside the hearing room. With that, we will begin today's hearings with gubernatorial appointees. Mr. James Brummer. And the way that we'll work the nominees is we'll-- the nominee will make a statement, and then we'll open it up for questions from the, from the committee. And then we will hear from any proponents or opponents or neutral testifiers. And then we will close the hearing on that particular appointee. So Mr. Brummer.

JAMES BRUMMER: Hello. My name's James Brummer, J-a-m-e-s; Brummer, B-r-u-m-m-e-r. I've been on the State Electrical Board for-- this will be my third term. I've gone through-- I've been on with, like, several directors: Randy Anderson, Kevin Booker, and the current one, Craig Thelen. I've worked for-- I worked for-- actually worked for Nebraska Public Power District. I've worked for them for 34 years. And prior to

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that, I worked for NREA for six, so. I've been in the utility industry for a number of years. And we have a-- on the board, we have a great group of guys, and we really take care of our inspectors. We have a really good executive director. Has a lot of good ideas. It's been really refreshing on that part. But we really-- it's a really good group-- really good group.

HOLDCROFT: OK. Thank you. Are there any questions from the committee? Yes, sir.

DeKAY: Curiosity, do you work as CGO or where did you work--

JAMES BRUMMER: I work out of the Norfolk office.

DeKAY: Norfolk office.

JAMES BRUMMER: NOC. Yep. I was a-- started out as a lineman and then went to a local manager and then actually an engineering department, kind of do more of the-- instead of climbing poles, I kind of designed the power lines, worked with contractors, electricians. So this, this appointment on the board is actually-- I kind of worked with a lot of electricians. And they'll come to me with questions on different things coming from the inspectors that we have.

DeKAY: What distribution company did you-- were you a manager for?

JAMES BRUMMER: Cedar Knox.

DeKAY: OK.

JAMES BRUMMER: Cedar Knox. Worked there for six years. That was a really good company. Enjoyed working there. It was a hard change to move at that time, so.

DeKAY: OK. Thank you.

JAMES BRUMMER: Yup. Thank you.

HOLDCROFT: Any other questions? I have one.

JAMES BRUMMER: Sure.

HOLDCROFT: And you may or may not know the answer to this, but I know in the past we've had an issue with being in conformance with the

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national standards-- electrical standards. Have we signed up to that or are we still in arrears on them? Do you know?

JAMES BRUMMER: That has been-- I think in August of this year-- or, August of last year is when they went to the NEC-- NA-- National Electric Safety Code of the 20-- 2023 is what they went to that. And it was kind of critical that we did do that to stay in check with all the other entities around the state that we work with.

HOLDCROFT: OK. Any other questions? Well, thank you.

JAMES BRUMMER: OK. Thank you.

HOLDCROFT: Are there any proponents for this nominee? Anyone who wants to speak for Mr. Brummer? Any opponents? Anyone who wishes to speak in the neutral? OK. With that, we will close the, the nominee process for Mr. Brummer. And we will call up Mr. Francis. Go ahead.

NATHAN FRANCIS: My name's Nathan Francis, N-a-t-h-a-n F-r-a-n-c-i-s. I'm here for the Electrical Board Division as well, underneath the-- represented-- the municipals. I worked for the city of Fairbury for the last 10, 10.5 years. Started out there as a lineman, and I've moved up as electric superintendent. This position just came open because the-- a lot of the municipals move around a little bit and had some other people kind of, you know, suggest it to me and-- you know. It's the same with, with Brummer. Worked with a lot of electricians, a lot of inspectors to make sure, you know, things-- you know, electricians come to town and have questions on, you know, that kind of stuff. So it, it gives me, you know, an outside of knowing inspectors and, you know, what, what rules we should follow-- you know, the-- you know, State Electoral Act and then the NESC code as well.

HOLDCROFT: OK. Thank you. Any questions for the nominee? Yes, sir. Senator DeKay.

DeKAY: Will this be your first opportunity to be appointed?

NATHAN FRANCIS: Yes. This is my first time being appointed, yes.

DeKAY: OK. Thank you.

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HOLDCROFT: Yes, Senator Rountree.

ROUNTREE: Yes, sir. Mr. Francis, in your experience working in electrical, have you had an opportunity to work in a disaster recovery, into the storms, straight-line winds that we've had coming through? Have you had a chance to work on any of those items?

NATHAN FRANCIS: A few years ago, yes, when the Pilger tornados come through. I went up there and we did mutual aid for them. We worked up there for about a week and a half and stuff. So, yes.

ROUNTREE: All right. Thank you.

NATHAN FRANCIS: Yep.

HOLDCROFT: Any other questions? Thank you, Mr. Francis. You may--

NATHAN FRANCIS: Thank you.

HOLDCROFT: --be seated. Are there anyone here who-- for-- are there any proponents for this nomination? Any opponents for this nomination? Anyone testifying in the neutral? OK. Then we will close the nominee process for Mr. Francis. OK. We're moving on now to our first bill, which will be LB177. And Senator Clouse.

CLOUSE: Good afternoon, Chairman Holdcroft and members of the General Affairs Committee. My name is Stan Clouse, S-t-a-n C-l-o-u-s-e. Representing District 37. LB177-- we have a white copy amendment. There's-- there was a lot of changes. This was a cleanup bill, but there's been a lot of things that's changed and, and tweaked. So what we have before you is a white copy amendment that addresses some issues that was brought to our attention with regards to LB685, which was passed in 2024. And there are several different changes to this particular bill. First change would be redefining cash device winnings, and it gives a more specific definition. It allows better enforcement of the setoff that was passed last year in the Gambling Winnings Setoff for Outstanding Debt Act. And that provides a standard to make sure that the winners have paid their child support and, and other-- any other outstanding debts that they may have. And the definition is, any cash prize of \$600 or more won on a single individual play, so. That-- the \$600 was, was added to set that level. The next change is redefining distributor and operator. And as you look through the bill, you have distributor, operator, manufacturer in

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various locations throughout the bill. That was brought to our attention [INAUDIBLE] ambiguity within the definitions. It also caused confusions with who had to pay the fees with the cash devices. So the operator just means any person who operates a piece of business-- or, in the place of a business in which a mechanical amusement device is physically located and is available for play. So that's the definition of an operator. Distributor is any person other than a retail establishment who places and either directly or indirectly controls or manages the mechanical amusement device within the retail establishment within the state of Nebraska. So that just further lays out who is responsible, the operator, distributor, and defines that. And the next change is changing the collection fees from annual to biannual. This might make it a little easier if they have to pay their, their fees. And it, it really releases the stress on the industry and the Department of Revenue processing those applications every year. A little efficiency. And the next change is cleanup language with regards to the background check that operators, distributors, and manufacturers have to go through. This was brought from the Nebraska Lottery and Charitable Gaming, and they felt that these changes were necessary just to help with-- have better control of-- in the background checks. And the final change is changing language about providing winners with the appropriate withholding documentation as dictated by the IR-- IRS and is-- maintains and-- the obligation to provide the forms while making it less specific in case the IRS changes the form. So right now, 1099, but they could change it, and so it doesn't really spec out-- specify which particular form it is. And then there is a fiscal note attached to this. And this is due to the anticipated growth of the industry, which will then require a few more State Patrol Officers, employees to help-- not officers, but employees to help with the process. Now, that can be offset. There's some different ways that we can either increase the fee or maybe the frequency to offset that. So that is-- it has potential to be addressed in that manner. I know there are folks that will be testifying on this particular bill and might be able to provide better clarification on some of the things that I've laid out in LB177. And I think also too we might have some amendments after we hear some of the additional discussion or some discussion that you may have. So this is the first run at clearing up-- clarification of LB685 that they found somewhat problematic. So with that, do you have any questions for me?

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HOLDCROFT: Thank you, Senator Clouse. Are there any questions? Yes, Senator DeKay.

DeKAY: Thank you. Thank you, Senator Clouse, for bringing this today. You may or may not be able to answer, but probably somebody behind you will. I'll just put it out now. There's an operator or an establishment up in my area that gets, I don't know, two to four, I don't-- machines in their establishment. They're getting their machines out of South Dakota, and they are being-- they're being charged as a distributor rather than just an operator. Both of-- and South Dakota and both the owner operator being charged a distributor fee on that. Is there clarification on that or--

CLOUSE: That-- you're right. That I don't know. If, if any of the folks following me don't have an answer, we will definitely follow up on that. I will make a note.

DeKAY: Appreciate it.

CLOUSE: My legal assistant's here making that note, so.

DeKAY: All right. Thank you.

CLOUSE: Yeah.

HOLDCROFT: Any other questions for Senator Clouse? Will you be here to close?

CLOUSE: I will.

HOLDCROFT: OK.

CLOUSE: Thank you.

HOLDCROFT: Next, we'll hear from any proponents, anyone speaking for the bill. OK. With that, then we'll move on to opponents. Any opponents for this bill? Anyone speaking in the neutral capacity?

BRIAN ROCKEY: Good afternoon, Chairman Holdcroft and members of the General Affairs Committee. For the record, I am Brian Rockey, B-r-i-a-n R-o-c-k-e-y. And I serve as the Director of the Nebraska Lottery and Charitable Gaming Division of the Nebraska Department of Revenue. I'm here to testify in a neutral co-- neutral capacity on LB177, as you've heard during the opening. It includes positions--

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provisions relative to our regulatory efforts regarding mechanical amusement device cash devices. Those provisions include checking prizes for offsets, clarification of the operator classification, background checks for licensees, and license duration. Be happy to answer any questions you might have at this point.

HOLDCROFT: Are there any questions for Mr. Rockey?

BRIAN ROCKEY: If I may, Senator DeKay--

DeKAY: Absolutely.

BRIAN ROCKEY: --your question about your operator. And, and you said that they-- the location is--

DeKAY: The location is in Nebraska's side of the--

BRIAN ROCKEY: OK.

DeKAY: --border.

BRIAN ROCKEY: But they're treated as a distributor rather than as an operator?

DeKAY: Their distributor's coming out of Wagner, South Dakota, so.

BRIAN ROCKEY: OK.

DeKAY: And whe-- if I understood it right, they were being charged a distributor [INAUDIBLE] wondering why when they're just an operator. And I, I didn't know if the number of machines had anything to do with it or not.

BRIAN ROCKEY: The only thing that I can think of offhand is if they happened to have-- if they were getting devices and placing them someplace other than their local establishment. If I-- I'll follow up with your office if I may and then we can, we can check a little bit more for you.

DeKAY: Thank you. Appreciate it. Thank you very much.

BRIAN ROCKEY: You bet.

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HOLDCROFT: Any other questions for Mr. Rockey? Yes, Senator Quick.

QUICK: Thank you, Chairman. I was just going to ask-- like, some of the changes that, that are being made in the amendment, is-- are those coming from maybe your department [INAUDIBLE]--

BRIAN ROCKEY: They-- yes, Senator. There are some things that we had identified that would have been helpful that we actually had hoped to, to get updated last year in LB685, and there just wasn't time with the session, so.

QUICK: Yeah. Thank you.

BRIAN ROCKEY: They would all be very useful for, for our efforts.

QUICK: Thank you.

HOLDCROFT: Any other questions? Thank you, Mr. Rockey.

BRIAN ROCKEY: Thank you.

HOLDCROFT: Appreciate it. Anyone else testifying in the neutral position? Welcome to the General Affairs Committee.

JOHN FOX: I've been here before.

HOLDCROFT: Yeah.

JOHN FOX: The room was bigger. Thank you, Mr. Chairman and members of the committee. I represent American Amusements, which has a product known as BankShot. BankShot games are wholly designed and developed and produced in Nebraska and sold to coin machine companies. It enter into revenue share agreements, service agreements with local businesses, veterans organizations, nonprofits who will then receive 50% of the proceeds. In 2011, Supreme Court ruled the BankShot to be not gambling. 2019, the Cash Device Act placed-- it placed new regulations and a larger occupation tax and created the term cash devices. In the 2024 session, LB685 added a new tax on revenue for such cash devices. Over the past-- ov-- in, in the past, we literally filled the room-- and a larger room than this one-- with dozens of individuals wishing to speak their mind on the issue. Today, it's just me. I'll speak neutral on LB177 as written, but I'm very supportive of the idea of clarity and reducing administrative burden on all parties,

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including the Department of Revenue. On January 1, there were more than 400 locations forced to turn their games off-- the majority for paperwork and licensing issue. This number has since been greatly reduced with a great deal of time and effort with all parties, including the Department of Revenue. And I want to thank the Department of Revenue for their help in rectifying those situations. We asked for a, a few things to be cleaned up that have a-- which-- included in the package. But it includes if a location owns, owns the devices that are housed in their establishment, that they're also a distributor like anyone else that owns the device. The-- [INAUDIBLE] some clarity that the background checks will be at one time. Little cleanup on, on some wording on the misdemeanors. Cite the Nebraska Civil Procedures Act. And I-- has no inducement, which has been quite a while incoming. And that's all I have today.

HOLDCROFT: Thank you. I need you to state your name and spell it for the transcribers.

JOHN FOX: John, J-o-h-n F-o-x.

HOLDCROFT: OK. Thank you. Are there any questions from the committee for Mr. Fox? OK. Thank you very much, Mr. Fox. Neutral testifier. Barb, we're using the lights, right?

JOE KOHOUT: You want to use the lights on me?

HOLDCROFT: [INAUDIBLE] use the lights because I know this testifier.

JOE KOHOUT: Because I talk forever. OK. That's fine. Chairman Holdcroft, members of the General Affairs Committee. My name is Joe Kohout, J-o-e K-o-h-o-u-t. And I appear today before you as registered lobbyist on behalf of Accel Entertainment, who does business in Nebraska under the designation of Husker Gaming. Last year when we came to this committee, we came in support of LB685. And LB685 represented months of work to bridge a compromise between the industry and regulators and this committee. And one of the, the points that Accel had was in fact the question of the deployment, of whose responsibility is it to deploy the tax form. And that was one of the very premises under which we came to the table on trying to develop what became the compromise in LB685. When we saw LB177, we had some concern about the language in Section 1 dealing with the tax form and the elimination-- what we perceived as the elimination requirement. We

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want to express our appreciation to Senator Clouse and his staff for working with us and for getting that language into, into shape that, that-- where it does-- it addresses the concern we raised. And so with that, I stand here not opposed, but rather in a neutral capacity to express our appreciation. I'd be happy to try to answer any questions that you might have.

HOLDCROFT: Thank you, Mr. Kohout. Any questions from the committee? OK. Thank you.

JOE KOHOUT: Thank you.

HOLDCROFT: Anybody testing in the neutral position on this bill? Neutral. OK. As Senator Clouse comes up to close, we had some input here. We had 1 proponent, 0 opponents, and 0 neutrals. Senator Clouse.

CLOUSE: Thank you, Senator Holdcroft. A couple of things that we will follow up on with some of the information that was presented here if we do need to make an amendment to bring back the committee at a later date. And we will get an answer for, for you too, Senator DeKay.

DeKAY: Thank you, sir.

CLOUSE: So with that, any closing questions?

HOLDCROFT: Any questions for Senator Clouse? OK. Thank you very much. With that, that closes the hearing on LB177. And we will open the hearing on LB357.

J. CAVANAUGH: Welcome, Chairman, to your General Affairs Committee. You're welcome to open on LB357.

HOLDCROFT: Thank you, Vice Chair Cavanaugh and members of the General Affairs Committee. For the record, my name is Senator Rick Holdcroft, spelled R-i-c-k H-o-l-d-c-r-o-f-t. And I represent Legislative District 36, which includes west and south Sarpy County. Today, I am introducing LB357 on behalf of the Nebraska Racing and Gaming Commission. The Nebraska Racing and Gaming Commission's oversight responsibilities of cas-- oversight responsibilities of casino gambling at state-licensed horse tracks has expanded exponentially since becoming legal in November of 2020. It has taken a large effort by the commission to get the now four operating casinos up and running. And in that time, the commission has expanded by over 30

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workers to keep up this fast growth. The commission's responsibilities in-- include introducing, modifying, and enforcing the rules and regulations set by the Nebraska Legislature. They also set internal control standards such as performing audits, reviewing surveillance, and issuing monetary policies. LB357 contains several changes meant to assist the commission's commitment to ensure operational integrity, transparency, and fairness within the industry while adapting their policy and procedures to this continual, continual record expansion of casino gambling within Nebraska. These changes include the reduction of the number of required meetings held by the commission each year from eight to six. The commission would like flexibility of scheduling less required meetings. Because the casinos become fully built out, the commission may not need to meet eight times per year. Less frequent meetings also come at a cost savings to the commission because they pay for the commissioners' travel expenses. The bill also proposes to license racetrack enclosures. The commission currently licenses individual race days but does not actually issue a license. These race days are approved by the commission, but no formal license is issued for those days, and no formal license has ever been issued for the racetrack enclosure. Finally, the bill updates the commission's background checks and fingerprinting procedures, clarifies the provisions of the gaming operator licensing fee, and consolidates two cash funds to manage different programs within one fund. Vice Chairman Cavanaugh and members of the General Affairs Committee, thank you for your consideration of LB357. A representative from the Nebraska Ra-- Ra-- Racing and Gaming Commission is here to provide additional information about LB357 and answer any technical questions you may have. Thank you.

J. CAVANAUGH: Thank you, Chairman Holdcroft. Let me see if there's any questions from the committee. Senator Clouse.

CLOUSE: Yes. Senator Holdcroft, as I understood it, the license is for the track. So presently, it's by individual race. Is that correct? And so what this would do is just gives the track that license for the year, depend-- and have them--

HOLDCROFT: Well, I think I'll let, I'll let the executive director answer that question more directly. But it is-- they just right now are licensing race days. These would actually license the track where the, where the races are being performed.

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CLOUSE: So it's efficiency.

HOLDCROFT: Yes. Well, it's, it's re-- well, I'll let, I'll let her answer that question. She's better at that.

CLOUSE: OK. Thank you.

J. CAVANAUGH: All right. Any other questions? Seeing none. Are you going to stick around to close?

HOLDCROFT: Yes.

J. CAVANAUGH: Thank you. Proponents. Go ahead.

CASEY RICKETTS: Good afternoon, Vice Chair Cavanaugh and committee members. My name is Casey Ricketts, spelled C-a-s-e-y R-i-c-k-e-t-t-s. I'm the Executive Director of the Racing and Gaming Commission. And I'm here today to testify as a proponent of LB357. I greatly appreciate the chance I had to meet with Senator Holdcroft to discuss this bill, and I want to say thank you to the committee for all signing onto it and making it a committee bill. As Senator Holdcroft said in his introduction, LB357 was drafted to help the commission be more efficient at regulating horse racing and casino gambling. I want to provide a few additional details that are in the bill and answer any questions you may have. We are proposing to license the racetrack enclosures themselves. So language currently in statute in the constitution requires us to do so. And we're proposing a three-year license with a \$10-- \$10,000 as a fee. We are asking to make some revisions to our fingerprinting statutes. The FBI told us they were not adequate, and the language proposed in the bill was given to us by the State Patrol. They think this will be sufficient to what the FBI wants. And we don't anticipate this will increase the workload for us or for the State Patrol. This work's already being done. We're just clearing up language. We're also proposing making all of our horse racing licenses three-year licenses. Currently, we're doing it one year. This is to be consistent with how we license casino occupational licenses. This will create less work for my staff and reduce the resources needed to run race meets, especially the first rate of the-- first race meet of the season. We're asking for a small change to the language about the casino application fee. Right now, it says the \$5 million license fee may be paid over a period of five years, with \$1 million due at the time the license is issued. We're asking the

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language here to be changed to say \$1 million due at the time the license is issued and \$1 million due each year thereafter until the, the initial \$5 million license fee is paid in full. If a casino operator were to choose to not pay one year, we don't have any recourse. And we are a cash-funded agency and rely on these funds to pay for my staff's salaries and regulate the casinos. The rest of the changes in the bills were put in by the Revisor's Office to make sure the language we're using across the horse racing and gaming statutes is consistent and correct since we enforce both chapters. Thank you for your time. And I'd be happy to answer any questions you may have.

J. CAVANAUGH: Thank you, Ms. Ricketts. See if there's any questions. Senator Clouse.

CLOUSE: Yes. Thank you. This-- quarter horse as well as thoroughbred?

CASEY RICKETTS: Yeah.

CLOUSE: OK. Thank you.

J. CAVANAUGH: Any other questions? All right. Well, I guess I have a couple.

CASEY RICKETTS: Sure.

J. CAVANAUGH: So just to clarify, you have no recourse under it currently written, so the change is to give you recourse?

CASEY RICKETTS: Yes.

J. CAVANAUGH: OK. And then I guess for you-- I'm trying to remember how we did this. So every casino application is \$5 million and that's it.

CASEY RICKETTS: Yeah. \$5 million for 20 years.

J. CAVANAUGH: So how--

CASEY RICKETTS: They pay \$1 million-- the-- sorry-- the first year when they give us their license application. But currently the way the statute's written, if they choose not to pay us till year five the remaining \$4 million, it would be very hard for me to pay our staff

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and regulate the casino. So we just want to clean this up where they have to pay \$1 million each year.

J. CAVANAUGH: So how many casinos are there currently?

CASEY RICKETTS: We have four currently.

J. CAVANAUGH: And how many do we expect with the--

CASEY RICKETTS: Six.

J. CAVANAUGH: OK. And--

CASEY RICKETTS: At least right now, yes.

J. CAVANAUGH: And, and if we build out only those six and no more, you in theory won't have any more revenue coming in for 20 years, right? Or, well, 15 years, I guess, after that.

CASEY RICKETTS: So we do have a \$50,000 annual-- I'm not going to call it a renewal fee, but that's where we review the application and take a look at that. But then we also have-- in our regulations, we would be able to assess fees as needed to help regulate.

J. CAVANAUGH: So the current financing structure is sustainable to be funded through user expense then?

CASEY RICKETTS: Yeah.

J. CAVANAUGH: OK. That's what I was curious about. And then I had a question. I don't think you addressed it, and I'm not sure it's been brought up. I'm trying to find my copy of the bill here. There's a part that jumped out at me when I was reading this, about promotions. Does that sound familiar? Am I remembering this right? Let me see. Yeah. So page 16 and 17 about authorized gaming operators can offer promotional gaming credits. And then there's a def-- nef-- definition on page 17 of promotional gaming credits.

CASEY RICKETTS: Ah, yes. So my deputy director said this is just the same language above-- in the original statute. They just put it over here.

J. CAVANAUGH: Oh, OK.

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CLOUSE: What was that answer again?

CASEY RICKETTS: So this is still the same language. That hasn't changed. It was just moved over.

J. CAVANAUGH: I was just curious about promotional gaming credits. And-- so just so I understand, clarifying, the-- currently, racing enclosure, if I'm remembering right-- so we're, we're licensing racing days, but not enclosures. I know we had this conversation in the original bill--

CASEY RICKETTS: Yeah.

J. CAVANAUGH: --and I'm trying to remember.

CASEY RICKETTS: We currently license horse racing days. So each live racing day is accompanied by a \$50 fee for each day, and then simulcasting is accompanied by a \$100 fee. So every year, the tracks can propose what live races they want to run, and then they pay the \$50 each day, depending on how many races that they run. So, like, this year, we're slated to run 67 days--

J. CAVANAUGH: OK.

CASEY RICKETTS: --of live racing.

J. CAVANAUGH: And the enclosure is-- is it more expansive because it includes the barns and all--

CASEY RICKETTS: Mm-hmm.

J. CAVANAUGH: --the facilities and things like that? OK.

CASEY RICKETTS: Yes.

J. CAVANAUGH: And that gives you guys jurisdiction in those places for enforcement purposes.

CASEY RICKETTS: It does, because right now the way it is is there's always the question of when exactly does our enforcement start. Does it start the week of live racing or does it start beforehand? And sometimes we do have participants that we would license in the future

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that are on the back side-- that's what we call the barns and those.
So really, it will help us clarify that as well.

J. CAVANAUGH: OK. Does anybody else have any questions?

CLOUSE: Yeah, just a comment that I--

J. CAVANAUGH: Senator Clouse.

CLOUSE: Thank you. [INAUDIBLE] height requirements for jockeys. And I-- normally, I don't bet on anybody shorter than me.

CASEY RICKETTS: Hey, we're always looking for people to join us in the racing world, so.

CLOUSE: Thank you.

CASEY RICKETTS: Thank you.

J. CAVANAUGH: Oh, Senator DeKay.

DeKAY: Thank you. Thank you for being here today. Is there a minimum amount of days that-- of racing that-- so that it would be considered a racetrack or not-- and a maximum number that a casino or a racetrack could run?

CASEY RICKETTS: Yeah. So each year, they have to, per statute, increase their live race days. So, like, this year, Lincoln is required to run 15 live race days, which they're slated for. Columbus is already running 15. So they do-- with the-- under the Racetrack Gaming Act, they are going to have to increase their racing. I believe it's-- I hope I don't misquote myself here-- I believe it's 2031 where they have to get to 125 live race days.

DeKAY: So that, so--

CASEY RICKETTS: So we are try-- they are required to increase their live race days.

DeKAY: [INAUDIBLE] the state, regardless if it's [INAUDIBLE] Columbus.

CASEY RICKETTS: Yeah. Yep.

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DeKAY: OK. Thank you.

CASEY RICKETTS: You're welcome.

J. CAVANAUGH: Any other questions? I've got-- oh, Senator Rountree.

ROUNTREE: Thank you, Mr. Chairman. Yes, ma'am. I wanted to go back to the \$1 million and the \$5 million, the \$1 million initial and-- then, right now, if it be paid in full at the end of the fifth year if--

CASEY RICKETTS: Yeah.

ROUNTREE: --they could pay. You want to lay-- line it out over each year.

CASEY RICKETTS: Yes.

ROUNTREE: Is that going to cause any issues with the entities themselves? You know, they may be saving money to try to get this lump sum, but by laying this requirement out, is it going to have any negative, adverse impact?

CASEY RICKETTS: For the operators?

ROUNTREE: Yes, for the operators. Cash flow-wise and things of that nature.

CASEY RICKETTS: I'm going to be honest, Senator, you'd have to ask them. But I think that if they're able to invest in the casinos they should be able to pay the \$5 million license fee.

ROUNTREE: I'm not a gambler, so I'm asking.

CASEY RICKETTS: I'm not either. But if, if we don't get a chance, there is a chance that we would not be able to adequately--

ROUNTREE: OK.

CASEY RICKETTS: --enforce.

ROUNTREE: I understand. All right. Thank you.

CASEY RICKETTS: You're welcome.

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J. CAVANAUGH: Any other questions? All right. I had a question that Senator DeKay made me think about. So is there-- I guess, are we on trajectory to grow? One of the reasons the ste-- stepped up number of race days is we're, we're in theory growing the number of domestic horses. Is there an indication that that is successful?

CASEY RICKETTS: There has been some improvement, but I do think that we also need to take a look at other ways we can improve our breed program. That's really where it's going to start, is we need to invest more in the breeders. And so that is conversations that I have had with the different tracks, both on the thoroughbred racing side and the quarter horse, that I would like us all to come together to figure out how we can support our breeders to keep it moving forward.

J. CAVANAUGH: Is that something that would take the form of any legislative action or--

CASEY RICKETTS: I do believe it might have to.

J. CAVANAUGH: OK.

CASEY RICKETTS: Yes.

J. CAVANAUGH: And in terms of--

CASEY RICKETTS: And I'm happy to discuss that later if any senator wants to talk about it.

J. CAVANAUGH: Yeah. In terms of-- so there's six potential-- current racetracks.

CASEY RICKETTS: Yes.

J. CAVANAUGH: Is there other folks, I assume, or-- I know. I guess I shouldn't say assume-- I know other folks who are looking at--

CASEY RICKETTS: Yes.

J. CAVANAUGH: --trying to get a racetrack. Is-- where are we at in that? I know we did the re-- the study.

CASEY RICKETTS: We did do the market study. And I can't recall which commission meeting, but I did say if they-- we do have any interested

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parties that do want to submit their application for review that they are happy to do so. I have not received any at this time.

J. CAVANAUGH: Is there a cost associated with submitting an application for review?

CASEY RICKETTS: There is.

J. CAVANAUGH: What's that cost?

CASEY RICKETTS: So it would be the same as an authorized gaming operator, the million. But you'd also have to have a racetrack first, so that's also where we need to license these racetrack enclosures.

J. CAVANAUGH: OK. And the licensed racetrack enclosure's \$10,000 for three years?

CASEY RICKETTS: Yep.

J. CAVANAUGH: So somebody could get licensed for a racetrack enclosure, begin to operate a racetrack, and then apply for a casino at that point?

CASEY RICKETTS: Yes. They are required to one ri-- one live race day before we would allow them to open a casino.

J. CAVANAUGH: Before they would open? What about apply?

CASEY RICKETTS: They could apply, but we would not allow them to open until they run one live race.

J. CAVANAUGH: OK. Thank you. Oh, Senator DeKay.

DeKAY: Thank you. Senator Cavanaugh made me think of a question.

J. CAVANAUGH: I'm good at that.

CASEY RICKETTS: All good.

DeKAY: How many-- is there any limit on how many days you can simulcast races? And is-- and in the other part of that question-- two parts-- is, do you have to pay a fee to other states to carry their races in Nebraska?

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CASEY RICKETTS: So that's an operating agreement between the tracks and the horsemen and then wherever they get their signal from. That's not something that I'm a party to.

DeKAY: OK. Thank you.

J. CAVANAUGH: Senator Clouse.

CLOUSE: Thank you. So those new tracks about the quarter horse, would it-- they would not be thoroughbred tracks being proposed. Or it could be?

CASEY RICKETTS: I-- it, it depends what they apply for. I-- like I said, I can't accurately answer that because I have not seen a new application be proposed for a racetrack yet whether or not they are applying to do quarter horse or thoroughbred, so.

CLOUSE: I thought we had a limitation thoroughbred. OK.

CASEY RICKETTS: It's with the market study. I, I have not seen an application, so I can't accurately answer that question.

CLOUSE: Thank you.

J. CAVANAUGH: Any other questions from the committee? Seeing none. Thank you for your testimony.

CASEY RICKETTS: All right. Thank you.

CLOUSE: Thank you.

J. CAVANAUGH: Any more proponents for LB357? Seeing no proponents. Any opponents for LB357? Seeing no opponents. Are there any neutral for LB357? Seeing no neutral. Senator Holdcroft-- Chairman Holdcroft, you are welcome to close on LB357.

HOLDCROFT: Thank you, Vice Chair. I really don't have anything to close, but I just wanted to recognize Casey Ricketts for her outstanding work. I mean, I sat down with her whe-- I started asking her questions about who's licensed, and it's just about everybody is licensed in the casino [INAUDIBLE] horse track. I mean, we're talking thousands of licenses, which they manage. And now she's-- you know, we've added 30 people to the process. We have four casinos up and running. And, and-- well my time's almost up, so I will say she's just

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doing a great job. That's all. I'd be happy to answer any further questions.

J. CAVANAUGH: Thank you, Chairman. Are there any questions from the committee? Seeing none. Thank you. That closes the hearing on LB357. And there were no online comments and no ADA comments. And I think that closes the General Affairs hearing for today.

HOLDCROFT: It does.

J. CAVANAUGH: Thank you.