

AMENDMENTS TO LB 545

(Amendments to Standing Committee amendments, AM0571)

1 1. Strike sections 9, 11, and 14 and all amendments
2 thereto and insert the following new sections:

3 "Sec. 2. Section 9-201, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 9-201. Sections 9-201 to 9-266 and section 7 of this act
6 shall be known and may be cited as the Nebraska Bingo Act.

7 Sec. 3. Section 9-204.03, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 9-204.03. Bingo equipment shall mean all devices,
10 machines, and parts used in and which are an integral part of the
11 conduct of bingo, including, but not limited to, bingo cards,
12 disposable ~~binge~~ paper bingo cards, bingo balls, bingo blower
13 devices, and computerized accounting systems.

14 Sec. 4. Section 9-211, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 9-211. (1) Lawful purpose, for a licensed organization
17 or a qualifying nonprofit organization making a donation of its
18 profits derived from the conduct of bingo solely for its own
19 organization, shall mean donating such profits for any activity
20 which benefits and is conducted by the organization, including any
21 charitable, benevolent, humane, religious, philanthropic, youth
22 sports, educational, civic, or fraternal activity conducted by the
23 organization for the benefit of its members.

1 (2) Lawful purpose, for a licensed organization or a
2 qualifying nonprofit organization making a donation of its profits
3 derived from the conduct of bingo outside of its organization,
4 shall mean donating such profits only to:

5 (a) The State of Nebraska or any political subdivision of
6 the state but only if the donation is made exclusively for public
7 purposes;

8 (b) A corporation, trust, community chest, fund, or
9 foundation:

10 (i) Created or organized under the laws of Nebraska which
11 has been in existence for five consecutive years immediately
12 preceding the date of the donation and which has its principal
13 office located in Nebraska;

14 (ii) Organized and operated exclusively for religious,
15 charitable, scientific, literary, or educational purposes, for the
16 prevention of cruelty to children or animals, or to foster national
17 or international amateur sports competition;

18 (iii) No part of the net earnings of which inures to the
19 benefit of any private shareholder or individual;

20 (iv) Which is not disqualified for tax exemption under
21 section 501(c)(3) of the Internal Revenue Code by reason of
22 attempting to influence legislation; and

23 (v) Which does not participate in any political campaign
24 on behalf of any candidate for political office;

25 (c) A post or organization of war veterans or an
26 auxiliary unit or society of, trust for, or foundation for any such
27 post or organization:

1 (i) Organized in the United States or in any territory or
2 possession thereof; and

3 (ii) No part of the net earnings of which inures to the
4 benefit of any private shareholder or individual; or

5 (d) A volunteer fire ~~department~~ company or volunteer
6 first-aid, rescue, ambulance, or emergency squad ~~or volunteer fire~~
7 ~~company~~ serving any city, village, county, township or rural or
8 suburban fire protection district in Nebraska.

9 (3) No donation of profits under this section shall (a)
10 inure to the benefit of any individual member of the organization
11 making the donation except to the extent it is in furtherance of
12 the purposes described in this section or (b) be used for any
13 activity which attempts to influence legislation or for any
14 political campaign on behalf of any elected official or person who
15 is or has been a candidate for public office.

16 ~~(4) Upon dissolution of a licensed organization or if a~~
17 ~~previously licensed organization does not renew its license to~~
18 ~~conduct bingo, its license renewal application is denied, or its~~
19 ~~license is canceled, suspended, or revoked, all remaining profits~~
20 ~~derived from the conduct of bingo shall be utilized for a lawful~~
21 ~~purpose and shall not be distributed to any private individual or~~
22 ~~shareholder. The disbursement of such remaining profits shall be~~
23 ~~subject to approval by the department.~~

24 Sec. 5. Section 9-213, Reissue Revised Statutes of
25 Nebraska, is amended to read:

26 9-213. Licensed organization shall mean ~~an~~ a nonprofit
27 organization or volunteer fire company or volunteer first-aid,

1 rescue, ambulance, or emergency squad licensed to conduct bingo
2 under the Nebraska Bingo Act.

3 Sec. 6. Section 9-214.01, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 9-214.01. (1) Manufacturer shall mean any person who
6 assembles, produces, makes, or prints any bingo equipment.

7 (2) Manufacturer shall not mean or include a licensed
8 distributor who places, finishes, or configures disposable ~~binge~~
9 paper bingo cards, which has been produced by a licensed
10 manufacturer, into a looseleaf or book form or some other format
11 for distribution to an organization licensed to conduct bingo.

12 Sec. 7. Volunteer fire company or volunteer first-aid,
13 rescue, ambulance, or emergency squad shall mean a volunteer
14 association or organization serving any city, village, county,
15 township, or rural or suburban fire protection district in Nebraska
16 by providing fire protection or emergency response services for the
17 purpose of protecting human life, health, or property.

18 Sec. 8. Section 9-226, Revised Statutes Supplement,
19 2000, is amended to read:

20 9-226. The department shall have the following powers,
21 functions, and duties:

22 (1) To issue licenses, temporary licenses, and permits;

23 (2) To deny any license or permit application or renewal
24 license application for cause. Cause for denial of an application
25 or renewal of a license shall include instances in which the
26 applicant individually or, in the case of a business entity or a
27 nonprofit organization, any officer, director, employee, or limited

1 liability company member of the applicant, licensee, or permittee,
2 other than an employee whose duties are purely ministerial in
3 nature, any other person or entity directly or indirectly
4 associated with such applicant, licensee, or permittee which
5 directly or indirectly receives compensation other than
6 distributions from a bona fide retirement or pension plan
7 established pursuant to Chapter 1, subchapter D of the Internal
8 Revenue Code from such applicant for past or present services in a
9 consulting capacity or otherwise, the licensee, or any person with
10 a substantial interest in the applicant, licensee, or permittee:

11 (a) Violated the provisions, requirements, conditions,
12 limitations, or duties imposed by the Nebraska Bingo Act, the
13 Nebraska County and City Lottery Act, the Nebraska Lottery and
14 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
15 Small Lottery and Raffle Act, or the State Lottery Act or any rules
16 or regulations adopted and promulgated pursuant to the acts;

17 (b) Knowingly caused, aided, abetted, or conspired with
18 another to cause any person to violate any of the provisions of
19 such acts or any rules or regulations adopted and promulgated
20 pursuant to such acts;

21 (c) Obtained a license or permit pursuant to such acts by
22 fraud, misrepresentation, or concealment;

23 (d) Was convicted of, forfeited bond upon a charge of, or
24 pleaded guilty or nolo contendere to any offense or crime, whether
25 a felony or misdemeanor, involving any gambling activity or fraud,
26 theft, willful failure to make required payments or reports, or
27 filing false reports with a governmental agency at any level;

1 (e) Was convicted of, forfeited bond upon a charge of, or
2 pleaded guilty or nolo contendere to any felony other than those
3 described in subdivision (d) of this subdivision within the ten
4 years preceding the filing of the application;

5 (f) Denied the department or its authorized
6 representatives, including authorized law enforcement agencies,
7 access to any place where bingo activity required to be licensed or
8 for which a permit is required under the Nebraska Bingo Act is
9 being conducted or failed to produce for inspection or audit any
10 book, record, document, or item required by law, rule, or
11 regulation;

12 (g) Made a misrepresentation of or failed to disclose a
13 material fact to the department;

14 (h) Failed to prove by clear and convincing evidence his,
15 her, or its qualifications to be licensed or granted a permit in
16 accordance with the Nebraska Bingo Act;

17 (i) Failed to pay any taxes and additions to taxes,
18 including penalties and interest, required by the Nebraska Bingo
19 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery
20 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any
21 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

22 (j) Failed to pay an administrative fine levied pursuant
23 to the Nebraska Bingo Act, the Nebraska County and City Lottery
24 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle
25 Card Lottery Act;

26 (k) Failed to demonstrate good character, honesty, and
27 integrity; or

1 (1) Failed to demonstrate, either individually or, in the
2 case of a business entity or a nonprofit organization, through its
3 managers, employees, or agents, the ability, experience, or
4 financial responsibility necessary to establish or maintain the
5 activity for which the application is made.

6 No license renewal shall be issued when the applicant for
7 renewal would not be eligible for a license upon a first
8 application;

9 (3) To revoke, cancel, or suspend for cause any license
10 or permit. Cause for revocation, cancellation, or suspension of a
11 license or permit shall include instances in which the licensee or
12 permittee individually or, in the case of a business entity or a
13 nonprofit organization, any officer, director, employee, or limited
14 liability company member of the licensee or permittee, other than
15 an employee whose duties are purely ministerial in nature, any
16 other person or entity directly or indirectly associated with such
17 licensee or permittee which directly or indirectly receives
18 compensation other than distributions from a bona fide retirement
19 or pension plan established pursuant to Chapter 1, subchapter D of
20 the Internal Revenue Code from such licensee or permittee for past
21 or present services in a consulting capacity or otherwise, or any
22 person with a substantial interest in the licensee or permittee:

23 (a) Violated the provisions, requirements, conditions,
24 limitations, or duties imposed by the Nebraska Bingo Act, the
25 Nebraska County and City Lottery Act, the Nebraska Lottery and
26 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
27 Small Lottery and Raffle Act, the State Lottery Act, or any rules

1 or regulations adopted and promulgated pursuant to such acts;

2 (b) Knowingly caused, aided, abetted, or conspired with
3 another to cause any person to violate any of the provisions of the
4 Nebraska Bingo Act or any rules or regulations adopted and
5 promulgated pursuant to the act;

6 (c) Obtained a license or permit pursuant to the Nebraska
7 Bingo Act by fraud, misrepresentation, or concealment;

8 (d) Was convicted of, forfeited bond upon the charge of,
9 or pleaded guilty or nolo contendere to any offense or crime,
10 whether a felony or a misdemeanor, involving any gambling activity
11 or fraud, theft, willful failure to make required payments or
12 reports, or filing false reports with a governmental agency at any
13 level;

14 (e) Was convicted of, forfeited bond upon a charge of, or
15 pleaded guilty or nolo contendere to any felony other than those
16 described in subdivision (d) of this subdivision within the ten
17 years preceding the filing of the application;

18 (f) Denied the department or its authorized
19 representatives, including authorized law enforcement agencies,
20 access to any place where bingo activity required to be licensed or
21 for which a permit is required under the Nebraska Bingo Act is
22 being conducted or failed to produce for inspection or audit any
23 book, record, document, or item required by law, rule, or
24 regulation;

25 (g) Made a misrepresentation of or failed to disclose a
26 material fact to the department;

27 (h) Failed to pay any taxes and additions to taxes,

1 including penalties and interest, required by the Nebraska Bingo
2 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery
3 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any
4 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

5 (i) Failed to pay an administrative fine levied pursuant
6 to the Nebraska Bingo Act, the Nebraska County and City Lottery
7 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle
8 Card Lottery Act;

9 (j) Failed to demonstrate good character, honesty, and
10 integrity; or

11 (k) Failed to demonstrate, either individually or, in the
12 case of a business entity or a nonprofit organization, through its
13 managers, employees, or agents, the ability, experience, or
14 financial responsibility necessary to maintain the activity for
15 which the license was issued;

16 (4) To issue ~~and cause to be served upon any licensee,~~
17 ~~permittee, or other person~~ an order requiring the a licensee,
18 permittee, or other person to cease and desist from violations of
19 the Nebraska Bingo Act or any rules and regulations adopted and
20 promulgated pursuant to such act. The order shall give reasonable
21 notice of the rights of the licensee, permittee, or other person to
22 request a hearing and shall state the reason for the entry of the
23 order. The notice of order to cease and desist shall be mailed to
24 or personally served upon the licensee, permittee, or other person.
25 If the notice of order is mailed, the date of the United States
26 postmark stamped on the envelope shall be deemed to be the date of
27 service of notice to the licensee, permittee, or other person. A

1 request for a hearing by the licensee, permittee, or other person
2 shall be in writing and shall be filed with the department within
3 thirty days after the service of the cease and desist order. If a
4 request for hearing is not filed within the thirty-day period, the
5 cease and desist order shall become permanent at the expiration of
6 such period. A hearing shall be held not later than ~~seven~~ thirty
7 days after the request for the hearing is received by the Tax
8 Commissioner, and within twenty days after the date of the hearing,
9 the Tax Commissioner shall issue an order vacating the cease and
10 desist order or making it permanent as the facts require. All
11 hearings shall be held in accordance with the rules and regulations
12 adopted and promulgated by the department. If the licensee,
13 permittee, or other person to whom a cease and desist order is
14 issued fails to appear at the hearing after being duly notified,
15 the licensee, permittee, or other person shall be deemed in default
16 and the proceeding may be determined against the licensee,
17 permittee, or other person upon consideration of the cease and
18 desist order, the allegations of which may be deemed to be true;

19 (5) To levy an administrative fine on an individual,
20 partnership, limited liability company, corporation, or
21 organization for cause. For purposes of this subdivision, cause
22 shall include instances in which the individual, partnership,
23 limited liability company, corporation, or organization violated
24 the provisions, requirements, conditions, limitations, or duties
25 imposed by the act or any rule or regulation adopted and
26 promulgated pursuant to the act. In determining whether to levy an
27 administrative fine and the amount of the fine if any fine is

1 levied, the department shall take into consideration the
2 seriousness of the violation, the intent of the violator, whether
3 the violator voluntarily reported the violation, whether the
4 violator derived financial gain as a result of the violation and
5 the extent thereof, and whether the violator has had previous
6 violations of the act, rules, or regulations. A fine levied on a
7 violator under this section shall not exceed one thousand dollars
8 for each violation of the act or any rule or regulation adopted and
9 promulgated pursuant to the act plus the financial benefit derived
10 by the violator as a result of each violation. If an
11 administrative fine is levied, the fine shall not be paid from
12 bingo gross receipts of an organization and shall be remitted by
13 the violator to the department within thirty days after the date of
14 the order issued by the department levying such fine;

15 (6) To enter or to authorize any law enforcement officer
16 to enter at any time upon any premises where bingo activity
17 required to be licensed or for which a permit is required under the
18 act is being conducted to determine whether any of the provisions
19 of the act or any rules or regulations adopted and promulgated
20 under the act have been or are being violated and at such time to
21 examine such premises;

22 (7) To require periodic reports of bingo activity from
23 licensees under the act as the department deems necessary to carry
24 out the act;

25 (8) To examine or to cause to have examined, by any agent
26 or representative designated by the department for such purpose,
27 any books, papers, records, or memoranda relating to bingo

1 activities of any licensee or permittee, to require by
2 administrative order or summons the production of such documents or
3 the attendance of any person having knowledge in the premises, to
4 take testimony under oath, and to acquire proof material for its
5 information. If any such person willfully refuses to make
6 documents available for examination by the department or its agent
7 or representative or willfully fails to attend and testify, the
8 department may apply to a judge of the district court of the county
9 in which such person resides for an order directing such person to
10 comply with the department's request. If any documents requested
11 by the department are in the custody of a corporation, the court
12 order may be directed to any principal officer of the corporation.
13 If the documents requested by the department are in the custody of
14 a limited liability company, the court order may be directed to any
15 member when management is reserved to the members or otherwise to
16 any manager. Any person who fails or refuses to obey such a court
17 order shall be guilty of contempt of court;

18 (9) Unless specifically provided otherwise, to compute,
19 determine, assess, and collect the amounts required to be paid to
20 the state as taxes imposed by the act in the same manner as
21 provided for sales and use taxes in the Nebraska Revenue Act of
22 1967;

23 (10) To collect license application, license renewal
24 application, and permit fees imposed by the Nebraska Bingo Act and
25 to prorate license fees on an annual basis. The department shall
26 establish by rule and regulation the conditions and circumstances
27 under which such fees may be prorated;

1 (11) To confiscate and seize bingo supplies and equipment
2 pursuant to section 9-262.01; and

3 ~~(11)~~ (12) To adopt and promulgate such rules and
4 regulations, prescribe such forms, and employ such staff, including
5 inspectors, as are necessary to carry out the ~~Nebraska Bingo Act~~
6 act.

7 Sec. 9. Section 9-226.01, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 9-226.01. (1) Before any application is denied pursuant
10 to section 9-226, the department shall notify the applicant in
11 writing of the department's intention to deny the application and
12 the reasons for the denial. Such notice shall inform the applicant
13 of his or her right to request an administrative hearing for the
14 purpose of reconsideration of the intended denial of the
15 application. The date of the United States postmark stamped on the
16 envelope shall be deemed to be the date of service of notice to the
17 applicant.

18 (2) A request for hearing by the applicant shall be in
19 writing and shall be filed with the department within thirty days
20 after the service of notice to the applicant of the department's
21 intended denial of the application. If a request for hearing is
22 not filed within the thirty-day period, the application denial
23 shall become final at the expiration of such period.

24 (3) If a request for hearing is filed within the
25 thirty-day period, the Tax Commissioner shall grant the applicant a
26 hearing and shall, at least ten days before the hearing, serve
27 notice upon the applicant by certified or registered mail, return

1 receipt requested, of the time, date, and place of the hearing.
2 Such proceedings shall be considered contested cases pursuant to
3 the Administrative Procedure Act.

4 Sec. 10. Section 9-230.01, Revised Statutes Supplement,
5 2001, is amended to read:

6 9-230.01. (1) A qualifying nonprofit organization may
7 apply to the department for a permit to conduct a special event
8 bingo in conjunction with a special event at which bingo is not the
9 primary function. Such special event bingo shall be exempt from
10 (a) the licensing requirements found in the Nebraska Bingo Act for
11 Class I and Class II licenses, (b) the record-keeping and reporting
12 requirements found in the act for licensed organizations, and (c)
13 any tax on the gross receipts derived from the conduct of bingo as
14 provided in the act for licensed organizations.

15 (2) A qualifying nonprofit organization may apply for and
16 obtain two special event bingo permits per calendar year, not to
17 exceed a total of fourteen days in duration. An application for a
18 permit shall be made, on a form prescribed by the department, at
19 least ten days prior to the desired starting date of the special
20 event bingo. The form shall be accompanied by a permit fee of
21 fifteen dollars and shall contain:

22 (a) The name and address of the nonprofit organization
23 applying for the permit;

24 (b) Sufficient facts relating to the nature of the
25 organization to enable the department to determine if the
26 organization is eligible for the permit;

27 (c) The date, time, place, duration, and nature of the

1 special event at which the special event bingo will be conducted;

2 (d) The name, address, and telephone number of the
3 individual who will be in charge of the special event bingo; and

4 (e) Any other information which the department deems
5 necessary.

6 (3) An organization must have a permit issued by the
7 department before it can conduct a special event bingo. The permit
8 shall be clearly posted and visible to all participants at the
9 special event bingo.

10 (4) Special event bingo shall be subject to the
11 following: ~~restrictions.~~

12 (a) Special event bingo shall be conducted only within
13 the county in which the qualifying nonprofit organization has its
14 principal office;

15 (b) ~~Only reusable hard bingo cards or shutter cards shall~~
16 ~~be sold, rented, leased, or used at a special event bingo.~~
17 ~~Disposable paper bingo cards may not be used at a special event~~
18 ~~bingo. The cards as well as other bingo Bingo equipment, other~~
19 ~~than disposable paper bingo cards, necessary to conduct bingo may~~
20 ~~be obtained from any source. Disposable paper bingo cards may be~~
21 ~~obtained only from (i) a licensed distributor or (ii) a licensed~~
22 ~~organization as provided in subdivision (4) (e) of section 9-241.05;~~

23 (c) No bingo card used at a special event bingo shall be
24 sold, rented, or leased for more than twenty-five cents per card;

25 (d) No single prize shall be offered or awarded at a
26 special event bingo which exceeds twenty-five dollars in value;

27 (e) A special event bingo shall be conducted by

1 individuals who are at least eighteen years of age. The qualifying
2 nonprofit organization may permit individuals under eighteen years
3 of age to play special event bingo when no alcoholic beverages are
4 served, sold, or consumed in the immediate vicinity of where the
5 special event bingo is conducted;

6 (f) No wage, commission, or salary shall be paid to any
7 person in connection with the conduct of a special event bingo; and

8 (g) The gross receipts from the conduct of a special
9 event bingo shall be used solely for the awarding of prizes and
10 reasonable and necessary expenses associated with the conduct of
11 the special event bingo such as the permit fee and the purchase or
12 rental of bingo cards or other equipment needed to conduct bingo.
13 The remaining receipts shall be used solely for a lawful purpose.

14 Sec. 11. Section 9-231, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 9-231. (1) Any nonprofit organization holding a
17 certificate of exemption under section 501(c)(3), (c)(4), (c)(5),
18 (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any
19 volunteer fire company ~~organized and operated pursuant to Chapter~~
20 ~~35, article 17~~ or volunteer first-aid, rescue, ambulance, or
21 emergency squad may apply for a license to conduct bingo.

22 (2) Prior to applying for any license, an organization
23 shall:

24 (a) Be incorporated in this state as a not-for-profit
25 corporation or organized in this state as a religious or
26 not-for-profit organization. For purposes of this subsection, a
27 domesticated foreign corporation shall not be considered

1 incorporated in this state as a not-for-profit corporation;

2 (b) Conduct activities within this state in addition to
3 the conduct of bingo;

4 (c) Be authorized by its constitution, articles, charter,
5 or bylaws to further in this state a lawful purpose;

6 (d) Operate without profit to its members, and no part of
7 the net earnings of such organization shall inure to the benefit of
8 any private shareholder or individual; and

9 (e) Have been in existence for five years immediately
10 preceding its application for a license, and shall have had during
11 that five-year period a bona fide membership actively engaged in
12 furthering a lawful purpose. A society defined in section 21-608
13 which is chartered in Nebraska under a state, grand, supreme,
14 national, or other governing body may use the charter date of its
15 parent organization to satisfy such five-year requirement.

16 (3) None of the provisions of this section shall prohibit
17 a senior citizens group from organizing and conducting bingo
18 pursuant to the Nebraska Bingo Act when bingo is played only by
19 members of the senior citizens group conducting the bingo. For
20 purposes of this section, senior citizens group shall mean any
21 organization the membership of which consists entirely of persons
22 who are at least sixty years old.

23 Sec. 12. Section 9-232.01, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 9-232.01. (1) Each organization applying for a license
26 to conduct bingo shall file with the department an application on a
27 form prescribed by the department. Each application shall include:

1 (a) The name and address of the applicant organization;

2 (b) Sufficient facts relating to the incorporation or
3 organization of the applicant organization to enable the department
4 to determine if the organization is eligible for a license pursuant
5 to section 9-231;

6 (c) The name and address of each officer of the applicant
7 organization;

8 (d) The name, address, social security number, years of
9 membership, and date of birth of one bona fide and active member of
10 the organization who will serve as the organization's bingo
11 chairperson; and

12 (e) The name, address, social security number, years of
13 membership, and date of birth of no more than three bona fide and
14 active members of the organization who will serve as alternate
15 bingo chairpersons.

16 (2) In addition, each applicant organization shall
17 include with the application:

18 (a) The name, address, social security number, date of
19 birth, and years of membership of an active and bona fide member of
20 the applicant organization to be licensed as the
21 utilization-of-funds member. Such person shall have been an active
22 and bona fide member of the applicant organization for at least one
23 year preceding the date the application is filed with the
24 department unless the applicant organization can provide evidence
25 that the one-year requirement would impose an undue hardship on the
26 organization. All utilization-of-funds members shall sign a sworn
27 statement indicating that they agree to comply with all provisions

1 of the Nebraska Bingo Act and all rules and regulations adopted
2 pursuant to the act, that they will insure that no commission, fee,
3 rent, salary, profits, compensation, or recompense will be paid to
4 any person or organization, except payments authorized by the act,
5 and that all profits will be spent only for lawful purposes. A fee
6 of twenty dollars shall be charged for a license for each
7 utilization-of-funds member, and the department may prescribe a
8 separate application form for such license;

9 (b) For a Class II license only, the name, address,
10 social security number, and date of birth of the individual to be
11 licensed as the gaming manager. Such person shall be required to
12 sign a sworn statement indicating that he or she agrees to comply
13 with all provisions of the Nebraska Bingo Act, the Nebraska Lottery
14 and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
15 Small Lottery and Raffle Act, and all rules and regulations adopted
16 pursuant to such acts. A fee of fifty dollars shall be charged for
17 a license for each gaming manager, and the department may prescribe
18 a separate application form for such license;

19 (c) The name and address of the owner or lessor of the
20 premises in which bingo will be conducted; and

21 (d) Any other information which the department deems
22 necessary, including, but not limited to, copies of any and all
23 lease or rental agreements and contracts entered into by the
24 organization relative to its bingo activities.

25 (3) The information required by this section shall be
26 kept current. ~~The bingo chairperson~~ A licensed organization shall
27 notify the department within thirty days ~~of any changes to the~~ if

1 any information contained on or with in the application is no
2 longer correct and shall supply the correct information.

3 (4) Except for a limited period bingo, a licensed
4 organization shall not conduct any bingo game or occasion at any
5 time, on any day, at any location, or in any manner different from
6 that described in its most recent filing with the department unless
7 prior approval has been obtained from the department. A request
8 for approval to change the day, time, or location of a bingo
9 occasion shall be made by the bingo chairperson, in writing, at
10 least thirty days in advance of the date the proposed change is to
11 become effective.

12 (5) No bingo chairperson, alternate bingo chairperson,
13 utilization-of-funds member, or gaming manager for an organization
14 shall be connected with, interested in, or otherwise concerned
15 directly or indirectly with any party licensed as a manufacturer,
16 distributor, or commercial lessor pursuant to the Nebraska Bingo
17 Act or with any party licensed as a manufacturer or distributor
18 pursuant to the Nebraska Pickle Card Lottery Act.

19 (6) No person shall act as a gaming manager until he or
20 she has received a license from the department. A gaming manager
21 may apply for a license to act as a gaming manager for more than
22 one licensed organization by completing a separate application and
23 paying the fifty-dollar license fee for each organization for which
24 he or she intends to act as a gaming manager. No gaming manager
25 shall be a bingo chairperson or alternate bingo chairperson, and no
26 gaming manager shall hold any other type of license issued under
27 the Nebraska Bingo Act, the Nebraska Lottery and Raffle Act, and

1 the Nebraska Pickle Card Lottery Act.

2 (7) No person shall act as a utilization-of-funds member
3 until he or she has received a license from the department. A
4 utilization-of-funds member shall not hold any other type of
5 license issued under the Nebraska Bingo Act, the Nebraska Lottery
6 and Raffle Act, and the Nebraska Pickle Card Lottery Act, except
7 that a utilization-of-funds member may also be designated as the
8 bingo chairperson or alternate bingo chairperson for the same
9 organization.

10 Sec. 13. Section 9-232.02, Revised Statutes Supplement,
11 2000, is amended to read:

12 9-232.02. (1) Except as otherwise provided in this
13 section, all licenses to conduct bingo and licenses issued to
14 utilization-of-funds members, gaming managers, or commercial
15 lessors shall expire on September 30 of each year or such other
16 date as the department may prescribe by rule and regulation and may
17 be renewed annually. An application for license renewal shall be
18 submitted at least forty-five days prior to the expiration date of
19 the license. The department may prescribe a separate application
20 form for renewal purposes for any license application required by
21 the Nebraska Bingo Act. The renewal application may require such
22 information as the department deems necessary for the proper
23 administration of the act.

24 (2) Commencing October 1, 2001, a license to conduct
25 bingo issued to a nonprofit organization holding a certificate of
26 exemption under section 501(c)(3) or (c)(4) of the Internal Revenue
27 Code and any license issued to a utilization-of-funds member or

1 gaming manager for such nonprofit organization shall be a biennial
2 license, shall expire on September 30 of each odd-numbered year or
3 such other date as the department may prescribe by rule and
4 regulation, and may be renewed biennially. The biennial license
5 fee for a utilization-of-funds member shall be forty dollars and
6 the biennial license fee for a gaming manager shall be one hundred
7 dollars.

8 (3) Commencing October 1, 2002, a license to conduct
9 bingo issued to a nonprofit organization holding a certificate of
10 exemption under section 501(c)(5), (c)(8), (c)(10), or (c)(19) of
11 the Internal Revenue Code or any volunteer fire company or
12 volunteer first-aid, rescue, ambulance, or emergency squad
13 organized and operated pursuant to Chapter 35, article 1, and any
14 license issued to a utilization-of-funds member or gaming manager
15 for such nonprofit organization or volunteer fire company or
16 volunteer first-aid, rescue, ambulance, or emergency squad shall be
17 a biennial license, shall expire on September 30 of each
18 even-numbered year or such other date as the department may
19 prescribe by rule and regulation, and may be renewed biennially.
20 The biennial license fee for a utilization-of-funds member shall be
21 forty dollars and the biennial license fee for a gaming manager
22 shall be one hundred dollars.

23 (4) Commencing October 1, 2001, a commercial lessor
24 license shall be a biennial license, shall expire on September 30
25 of each odd-numbered year or such other date as the department may
26 prescribe by rule and regulation, and may be renewed biennially.

27 Sec. 14. Section 9-233, Revised Statutes Supplement,

1 2000, is amended to read:

2 9-233. (1) The department may issue an applicant
3 organization one of the following classes of bingo licenses:

4 (a) A Class I license which shall include organizations
5 with gross receipts from the conduct of bingo which are less than
6 one hundred ~~fifty~~ thousand dollars per twelve-month period
7 commencing October 1 of each year or such other date as the
8 department may prescribe by rule and regulation; or

9 (b) A Class II license which shall include organizations
10 with gross receipts from the conduct of bingo equal to or greater
11 than one hundred ~~fifty~~ thousand dollars per twelve-month period
12 commencing October 1 of each year or such other date as the
13 department may prescribe by rule and regulation.

14 (2) For purposes of this section, when bingo occasions
15 are conducted on a joint basis by two or more licensed
16 organizations, the class of license required shall be determined
17 based upon the combined gross receipts of all licensed
18 organizations involved in the conduct of the bingo occasion.

19 (3) (a) Except as otherwise provided in this subsection, a
20 fee of fifteen dollars shall be charged for a Class I license, and
21 a fee of fifty dollars shall be charged for a Class II license.

22 (b) Commencing October 1, 2001, a biennial license fee of
23 thirty dollars shall be charged for a Class I license issued to a
24 nonprofit organization holding a certificate of exemption under
25 section 501(c)(3) or (c)(4) of the Internal Revenue Code, and a
26 biennial license fee of one hundred dollars shall be charged for a
27 Class II license issued to a nonprofit organization holding a

1 certificate of exemption under section 501(c)(3) or (c)(4) of the
2 Internal Revenue Code.

3 (c) Commencing October 1, 2002, a biennial license fee of
4 thirty dollars shall be charged for a Class I license issued to a
5 nonprofit organization holding a certificate of exemption under
6 section 501(c)(5), (c)(8), (c)(10), or (c)(19) of the Internal
7 Revenue Code or any volunteer fire company or volunteer first-aid,
8 rescue, ambulance, or emergency squad, organized and operated
9 pursuant to Chapter 35, article 1, and a biennial license fee of
10 one hundred dollars shall be charged for a Class II license issued
11 to a nonprofit organization holding a certificate of exemption
12 under section 501(c)(5), (c)(8), (c)(10), or (c)(19) of the
13 Internal Revenue Code or any volunteer fire company or volunteer
14 first-aid, rescue, ambulance, or emergency squad. organized and
15 operated pursuant to Chapter 35, article 1.

16 (4) The department shall adopt and promulgate rules and
17 regulations to establish reporting requirements for each class of
18 license issued.

19 Sec. 15. Section 9-241.05, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 9-241.05. (1) A licensed organization shall purchase or
22 otherwise obtain bingo equipment only from a licensed distributor,
23 except that a licensed organization may rent or lease bingo
24 equipment, excluding disposable paper bingo cards, only from:

25 (a) A licensed distributor; or

26 (b) The licensed commercial lessor from whom the
27 organization is leasing a premises for the conduct of bingo.

1 (2) All rental or lease agreements for bingo equipment
2 shall be in writing and shall be subject to prior approval by the
3 department.

4 (3) No purchase, rental, or lease of bingo equipment
5 shall be in excess of fair market value.

6 (4) Nothing in this section shall prohibit:

7 (a) Two licensed organizations which may be conducting
8 bingo within the same premises from equally sharing the cost of
9 purchasing bingo equipment, excluding disposable paper bingo cards,
10 and sharing its use;

11 (b) A licensed organization from lending its bingo
12 equipment, excluding disposable paper bingo cards, without charge
13 to another licensed organization in an emergency situation or to a
14 qualifying nonprofit organization to use at a special event bingo;

15 (c) A licensed organization which has purchased or
16 intends to purchase new bingo equipment from selling or donating
17 its old bingo equipment to another licensed organization if prior
18 written approval has been obtained from the department; ~~or~~

19 (d) An organization which has voluntarily canceled or
20 allowed its license to conduct bingo to lapse or an organization
21 which has had its license to conduct bingo suspended, canceled, or
22 revoked from selling or donating its bingo equipment to another
23 licensed organization if prior written approval has been obtained
24 from the department; or

25 (e) A licensed organization from selling or donating its
26 disposable paper bingo cards, when authorization has been obtained
27 from the department, to another licensed organization in an

1 emergency situation or to a qualifying nonprofit organization to
2 use at a special event bingo.

3 Sec. 16. Section 9-255.02, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 9-255.02. (1) Irrespective of whether a bingo game or a
6 bingo occasion is conducted jointly by two or more licensed
7 organizations, no prize for a single bingo game shall exceed one
8 thousand dollars in value and the aggregate value of all bingo
9 prizes at any bingo occasion shall not exceed four thousand
10 dollars.

11 (2) A winner shall be determined for each bingo game, and
12 each winner shall be awarded and delivered the prize on the same
13 day that the bingo occasion is conducted.

14 (3) At least fifty percent of the gross receipts derived
15 from the conduct of bingo shall be awarded in bingo prizes during
16 each quarterly reporting period. The licensed organization shall
17 clearly post at each bingo occasion the percentage of gross
18 receipts paid out in prizes for the last preceding quarter.

19 (4) In addition to the prizes permitted by subsection (1)
20 of this section, a licensed organization may award promotional
21 prizes in cash or merchandise to players at a bingo occasion if:

22 (a) No consideration is charged in order to be eligible
23 to win a promotional prize except that given to participate as a
24 player in the bingo occasion;

25 (b) The total fair market value of all promotional prizes
26 awarded at a bingo occasion does not exceed one hundred dollars in
27 value or, in the case of a limited period bingo, does not exceed

1 two hundred fifty dollars in value;

2 (c) The winner of any promotional prize is a bingo player
3 who is present at the bingo occasion; and

4 (d) The winners are determined by an element of chance or
5 some other factor which does not involve any scheme which utilizes
6 any type of pickle card, the game of keno, a scratch-off or rub-off
7 ticket, any promotional game tickets authorized by section 9-701,
8 any non-telecommunication-related, player-activated electronic or
9 electromechanical facsimile of any game of chance, or any slot
10 machine of any kind. ~~+ and~~

11 ~~(e)~~ (5) The total fair market value of all promotional
12 prizes awarded at a bingo occasion shall be excluded from
13 determination of the fifty-percent prize payout requirement in
14 subsection (3) of this section.

15 ~~(5)~~ (6) The licensed organization's cost of promotional
16 prizes permitted by subsection (4) of this section shall ~~be~~
17 ~~considered a bingo expense that is subject to~~ not be included in
18 determining compliance with the expense limitation of fourteen
19 percent of bingo gross receipts provided in section 9-255.04.

20 Sec. 17. Section 9-255.04, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 9-255.04. (1) No expense shall be incurred or amounts
23 paid in connection with the conduct of bingo by a licensed
24 organization except those which are reasonable and necessary.

25 (2) A licensed organization shall not spend more than
26 fourteen percent of its bingo gross receipts to pay the expenses of
27 conducting bingo. The actual cost of (a) license and local permit

1 fees, (b) any taxes authorized by the Nebraska Bingo Act, (c) bingo
2 ~~prizes other than~~ and promotional prizes, (d) the purchase, rental,
3 or lease of bingo equipment, and (e) the rental or lease of a
4 premises for the conduct of bingo and the purchase, rental, or
5 lease of personal property as ~~prescribed~~ allowed by the department
6 in ~~rules and regulations~~ rule and regulation which is necessary for
7 the conduct of bingo shall not be included in determining
8 compliance with the expense limitation contained in this section.

9 (3) A licensed organization which is also licensed to
10 conduct a lottery by the sale of pickle cards pursuant to the
11 Nebraska Pickle Card Lottery Act may allocate a portion of the
12 expenses associated with the conduct of its bingo occasions to its
13 lottery by the sale of pickle cards conducted at such bingo
14 occasions. Such allocation shall be based upon the percentage that
15 pickle card gross proceeds derived from the sale of pickle cards at
16 the bingo occasions represents to the total of bingo gross receipts
17 and pickle card gross proceeds derived from such bingo occasions
18 for the previous annual reporting period. ~~July 1 through June 30~~.
19 An organization licensed to conduct bingo that has not been
20 previously licensed shall determine such allocation based upon the
21 percentage that pickle card gross proceeds derived from the sale of
22 pickle cards at the bingo occasions represents to the total of
23 bingo gross receipts and pickle card gross proceeds derived from
24 such bingo occasions for the initial three consecutive calendar
25 months of operation.

26 (4) The total amount of expenses that may be allocated to
27 the organization's lottery by the sale of pickle cards shall be

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1 subject to the limitations on bingo expenses as provided for in the
2 Nebraska Bingo Act with respect to the fourteen-percent expense
3 limitation and the fair-market-value limitation on the purchase,
4 rental, or lease of bingo equipment and the rental or lease of
5 personal property or of a premises for the conduct of bingo. No
6 portion of the eight percent of the definite profit of a pickle
7 card unit as allowed by section 9-347 to pay the allowable expenses
8 of operating a lottery by the sale of pickle cards shall be used to
9 pay any expenses associated with the sale of pickle cards at a
10 bingo occasion.

11 (5) All persons paid for working at a bingo occasion,
12 including pickle card sellers but excluding concession workers,
13 shall be paid only by a check written from the licensed
14 organization's bingo checking account and shall not receive any
15 other compensation or payment for working at a bingo occasion from
16 any other source. Such wages shall be at an hourly or occasion
17 rate and shall be included in the amount allowed by the expense
18 limitation provided in subsection (2) of this section. No person
19 shall receive any compensation or payment from a licensed
20 organization based upon a percentage of the organization's bingo
21 gross receipts or profit.

22 (6) No expenses associated with the conduct of bingo may
23 be paid directly from the licensed organization's pickle card
24 checking account. A licensed organization may transfer funds from
25 its pickle card checking account to its bingo checking account as
26 permitted by subsection (3) of this section by a check drawn on the
27 pickle card checking account or by electronic funds transfer as

1 provided only by section 9-347.

2 Sec. 18. Section 9-255.05, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 9-255.05. (1) A licensed organization shall report
5 annually to the department, on a form ~~supplied~~ prescribed by the
6 department, a complete and accurate accounting of its gross
7 receipts. The annual report shall demonstrate that the gross
8 receipts less cash prizes paid have been retained in the
9 organization's bingo checking account or expended solely for
10 authorized expenses pursuant to section 9-255.04 or lawful purpose
11 donations.

12 (2) The annual report shall cover the organization's
13 bingo activities from July 1 through June 30 of each year and or
14 such other period as the department may prescribe by rule and
15 regulation. Such report shall be submitted to the department by
16 August 15 of each year or such other date as the department may
17 prescribe by rule and regulation.

18 ~~(2)~~ (3) A copy of the report shall be submitted to the
19 organization's membership. of the licensed organization.

20 (4) Upon dissolution of a licensed organization or if a
21 previously licensed organization does not renew its license to
22 conduct bingo, its license renewal application is denied, or its
23 license is canceled or revoked, all remaining profits derived from
24 the conduct of bingo shall be utilized for a lawful purpose and
25 shall not be distributed to any private individual or shareholder.
26 A complete and accurate report of the organization's bingo activity
27 shall be filed with the department, on a form prescribed by the

1 department, no later than forty-five days after the date the
2 organization is dissolved or no later than forty-five days after
3 the expiration date of the license or the effective date of the
4 license renewal application denial or license cancellation or
5 revocation. The report shall cover the period from the end of the
6 organization's most recent annual report filed through the date the
7 organization is dissolved or the date the license renewal
8 application has been denied or the license has been cancelled or
9 revoked or has otherwise expired. The organization shall include
10 with the report a plan for the disbursement of any remaining
11 profits which shall be subject to approval by the department. Such
12 plan shall identify the specific purposes for which the remaining
13 profits will be utilized.

14 ~~(3)~~ (5) In addition to the ~~annual report~~ reports required
15 by ~~subsection (1)~~ subsections (1) and (4) of this section, the
16 department may prescribe by rule ~~or~~ and regulation additional
17 periodic reporting as deemed necessary the filing of a bingo
18 revenue status report by August 15 of each year or such other date
19 as the department may prescribe by rule and regulation, on a form
20 prescribed by the department, listing all disbursements of bingo
21 revenue until all such revenue has been expended either for
22 allowable expenses or for a lawful purpose.

23 Sec. 19. Section 9-255.06, Revised Statutes Supplement,
24 2000, is amended to read:

25 9-255.06. (1) An individual, partnership, limited
26 liability company, corporation, or organization which will be
27 leasing a premises to one or more organizations for the conduct of

1 bingo and which will receive more than two hundred fifty dollars
2 per month as aggregate total rent from leasing such premises for
3 the conduct of bingo shall first obtain a commercial lessor's
4 license from the department. The license shall be applied for on a
5 form prescribed by the department and shall contain:

6 (a) The name and home address of the applicant;

7 (b) If the applicant is an individual, the applicant's
8 social security number;

9 (c) If the applicant is not a resident of this state or
10 is not a corporation, the full name, business address, and home
11 address of a natural person, at least nineteen years of age, who is
12 a resident of and living in this state designated by the applicant
13 as a resident agent for the purpose of receipt and acceptance of
14 service of process and other communications on behalf of the
15 applicant;

16 (d) A designated mailing address and legal description of
17 the premises intended to be covered by the license sought;

18 (e) The lawful capacity of the premises for public
19 assembly purposes;

20 ~~(f) The names and mailing addresses of the officers of~~
21 ~~the organization which is to conduct bingo at the premises and the~~
22 ~~place and time the organization intends to conduct bingo;~~

23 ~~(g)~~ The amount of rent to be paid or other consideration
24 to be given directly or indirectly for each bingo occasion to be
25 conducted; and

26 ~~(h)~~ (g) Any other information which the department deems
27 necessary.

1 (2) (a) Except as otherwise provided in this subsection,
2 an application for a commercial lessor's license shall be
3 accompanied by a fee of one hundred dollars for each premises the
4 applicant is seeking to lease pursuant to subsection (1) of this
5 section. A commercial lessor who desires to lease more than one
6 premises for the conduct of bingo shall file a separate application
7 and pay a separate fee for each such premises.

8 (b) Commencing October 1, 2001, the biennial license fee
9 for a commercial lessor shall be two hundred dollars for each
10 premises the applicant is seeking to lease pursuant to subsection
11 (1) of this section.

12 (3) The information required by this section shall be
13 kept current. The commercial lessor shall notify the department
14 within thirty days of any changes to the information contained on
15 or with the application.

16 (4) A commercial lessor who will be leasing or renting
17 bingo equipment in conjunction with his or her premises shall
18 obtain such equipment only from a licensed distributor, except that
19 a commercial lessor shall not purchase or otherwise obtain
20 disposable paper bingo cards from any source.

21 (5) A commercial lessor, the owner of a premises, and all
22 parties who lease or sublease a premises which ultimately is leased
23 to an organization for the conduct of bingo shall not be involved
24 directly with the conduct of any bingo occasion regulated by the
25 Nebraska Bingo Act which may include, but not be limited to, the
26 managing, operating, promoting, advertising, or administering of
27 bingo. Such persons shall not derive any financial gain from any

1 gaming activities regulated by Chapter 9 except as provided in
2 subsection (4) of section 9-347 if the individual is licensed as a
3 pickle card operator, if the individual is licensed as a lottery
4 operator or authorized sales outlet location pursuant to the
5 Nebraska County and City Lottery Act, or if the individual is
6 contracted with as a lottery game retailer pursuant to the State
7 Lottery Act.

8 (6) A nonprofit organization owning its own premises
9 which in turn rents or leases its premises solely to its own
10 auxiliary shall be exempt from the licensing requirements contained
11 in this section.

12 Sec. 20. Section 9-255.08, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 9-255.08. (1) A licensed distributor shall purchase or
15 otherwise obtain bingo equipment only from a licensed manufacturer.

16 (2) A licensed distributor shall sell or otherwise supply
17 bingo equipment for use in a bingo game regulated by the Nebraska
18 Bingo Act only to a licensed organization, a qualifying nonprofit
19 organization, a licensed commercial lessor, or a federally
20 recognized Indian tribe, except that a licensed distributor shall
21 not sell disposable ~~bingo~~ paper bingo cards in this state to anyone
22 other than a licensed organization, a qualifying nonprofit
23 organization, or a federally recognized Indian tribe.
24 Notwithstanding the restrictions in this subsection, a licensed
25 distributor may, with prior authorization from the department, sell
26 disposable paper bingo cards for use in a bingo game not regulated
27 by the Nebraska Bingo Act.

1 (3) A licensed distributor shall keep and maintain a
2 complete set of records which shall include all details of all
3 activities of the distributor related to the conduct of the
4 licensed activity as may be required by the department, including
5 the quantities and types of all bingo equipment purchased and sold.
6 Such records shall be available upon request for inspection by the
7 department. All records required by the department shall be
8 maintained for at least three years after the last day of the
9 distributor's fiscal year.

10 (4) The department may require by rule and regulation
11 periodic reporting from the licensed distributor relative to its
12 bingo activities in this state.

13 Sec. 21. Section 9-301, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 9-301. Sections 9-301 to 9-356 and section 26 of this
16 act shall be known and may be cited as the Nebraska Pickle Card
17 Lottery Act.

18 Sec. 22. Section 9-304, Reissue Revised Statutes of
19 Nebraska, is amended to read:

20 9-304. Allowable expenses shall mean:

21 (1) All costs associated with the purchasing, printing,
22 or manufacturing of any items to be used or distributed to
23 participants;

24 (2) All office expenses;

25 (3) All promotional expenses;

26 (4) All salaries of persons employed to operate the
27 lottery by the sale of pickle cards;

1 (5) Any rental or lease expense;

2 (6) Any fee paid to any person associated with the
3 operation of any lottery by the sale of pickle cards, including any
4 commission paid to a sales agent and any expense for which a sales
5 agent is reimbursed;

6 (7) Any delivery or shipping charge incurred by a
7 licensed organization in connection with the lottery by the sale of
8 pickle cards;

9 (8) Any license fees paid to the department to license
10 the organization, each utilization-of-funds member, and ~~any~~ each
11 sales agent and any pickle card dispensing device registration fees
12 paid to the department to register devices utilized at the licensed
13 organization's designated premises or its bingo occasions; and

14 (9) Any pickle card dispensing device repairs or
15 maintenance paid by the licensed organization.

16 Sec. 23. Section 9-306.01, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 9-306.01. Designated premises shall mean one location
19 selected by a licensed organization at which individual pickle
20 cards may be sold as opportunities for participation in a lottery
21 by the sale of pickle cards. Only one of the following types of
22 locations may be selected as a designated premises: (1) In the case
23 of an organization holding a certificate of exemption under section
24 501(c)(3), (c)(4), or (c)(5) of the Internal Revenue Code or a
25 volunteer fire company or volunteer first-aid, rescue, ambulance,
26 or emergency squad, one piece of real property which is owned,
27 leased, or used by the organization as its principal office, which

1 is in use by the organization primarily for purposes other than the
2 conduct of gaming activities, and which is not used in connection
3 with any other type of retail business activity other than an
4 occasional sale as defined in section 77-2702.09; or (2) in the
5 case of an organization holding a certificate of exemption under
6 section 501(c)(7), (c)(8), (c)(10), or (c)(19) of the Internal
7 Revenue Code, one piece of real property which is owned, leased, or
8 used by the organization as its principal office and which is in
9 use by the organization primarily for purposes other than the
10 conduct of gaming activities. For purposes of this section,
11 principal office shall mean the place where the principal affairs
12 and business of the licensed organization are transacted, including
13 where the officers and members assemble to discuss and transact the
14 business of the organization, where its meetings are held, and
15 generally where its records are kept.

16 Sec. 24. Section 9-309, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 9-309. (1) Lawful purpose, for a licensed organization
19 making a donation of its net profits derived from its lottery by
20 the sale of pickle cards solely for its own organization, shall
21 mean donating such net profits for any activity which benefits and
22 is conducted by the organization, including any charitable,
23 benevolent, humane, religious, philanthropic, youth sports,
24 educational, civic, or fraternal activity conducted by the
25 organization for the benefit of its members.

26 (2) Lawful purpose, for a licensed organization making a
27 donation of its net profits derived from its lottery by the sale of

1 pickle cards outside of its organization, shall mean donating such
2 net profits only to:

3 (a) The State of Nebraska or any political subdivision
4 thereof, but only if the contribution or gift is made exclusively
5 for public purposes;

6 (b) A corporation, trust, community chest, fund, or
7 foundation:

8 (i) Created or organized under the laws of Nebraska which
9 has been in existence for five consecutive years immediately
10 preceding the date of the donation and which has its principal
11 office located in Nebraska;

12 (ii) Organized and operated exclusively for religious,
13 charitable, scientific, literary, or educational purposes, for the
14 prevention of cruelty to children or animals, or to foster national
15 or international amateur sports competition;

16 (iii) No part of the net earnings of which inures to the
17 benefit of any private shareholder or individual;

18 (iv) Which is not disqualified for tax exemption under
19 section 501(c)(3) of the Internal Revenue Code by reason of
20 attempting to influence legislation; and

21 (v) Which does not participate in any political campaign
22 on behalf of any candidate for political office;

23 (c) A post or organization of war veterans or an
24 auxiliary unit or society of, trust for, or foundation for any such
25 post or organization:

26 (i) Organized in the United States or in any territory or
27 possession thereof; and

1 (ii) No part of the net earnings of which inures to the
2 benefit of any private shareholder or individual; or

3 (d) A volunteer fire ~~department~~ company or volunteer
4 first-aid, rescue, ambulance, or emergency squad ~~or volunteer fire~~
5 ~~company~~ serving any city, village, county, township, or rural or
6 suburban fire protection district in Nebraska.

7 (3) No donation of net profits under this section shall
8 (a) inure to the benefit of any individual member of the licensed
9 organization making the donation except to the extent it is in
10 furtherance of the purposes described in this section or (b) be
11 used for any activity which attempts to influence legislation or
12 for any political campaign on behalf of any elected official or
13 person who is or has been a candidate for public office.

14 ~~(4) Upon dissolution of a licensed organization or in the~~
15 ~~event a previously licensed organization does not renew its license~~
16 ~~to conduct a lottery by the sale of pickle cards, its license~~
17 ~~renewal application is denied, or its license is canceled,~~
18 ~~suspended, or revoked, all remaining net profits derived from the~~
19 ~~conduct of a lottery by the sale of pickle cards under the Nebraska~~
20 ~~Pickle Card Lottery Act shall be utilized for a lawful purpose and~~
21 ~~shall not be distributed to any private individual or shareholder.~~
22 ~~The disbursement of such remaining net profits shall be subject to~~
23 ~~approval by the department.~~

24 Sec. 25. Section 9-311, Reissue Revised Statutes of
25 Nebraska, is amended to read:

26 9-311. Licensed organization shall mean ~~an~~ a nonprofit
27 organization or volunteer fire company or volunteer first-aid,

1 rescue, ambulance, or emergency squad licensed to conduct a lottery
2 by the sale of pickle cards under the Nebraska Pickle Card Lottery
3 Act.

4 Sec. 26. Volunteer fire company or volunteer first-aid,
5 rescue, ambulance, or emergency squad shall mean a volunteer
6 association or organization serving any city, village, county,
7 township, or rural or suburban fire protection district in Nebraska
8 by providing fire protection or emergency response services for the
9 purpose of protecting human life, health, or property.

10 Sec. 27. Section 9-322, Revised Statutes Supplement,
11 2000, is amended to read:

12 9-322. The department shall have the following powers,
13 functions, and duties:

14 (1) To issue licenses and temporary licenses;

15 (2) To deny any license application or renewal
16 application for cause. Cause for denial of an application for or
17 renewal of a license shall include instances in which the applicant
18 individually or, in the case of a business entity or a nonprofit
19 organization, any officer, director, employee, or limited liability
20 company member of the applicant or licensee, other than an employee
21 whose duties are purely ministerial in nature, any other person or
22 entity directly or indirectly associated with such applicant or
23 licensee which directly or indirectly receives compensation other
24 than distributions from a bona fide retirement or pension plan
25 established pursuant to Chapter 1, subchapter D of the Internal
26 Revenue Code, from such applicant or licensee for past or present
27 services in a consulting capacity or otherwise, the licensee, or

1 any person with a substantial interest in the applicant or
2 licensee:

3 (a) Violated the provisions, requirements, conditions,
4 limitations, or duties imposed by the Nebraska Bingo Act, the
5 Nebraska County and City Lottery Act, the Nebraska Lottery and
6 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
7 Small Lottery and Raffle Act, or the State Lottery Act or any rules
8 or regulations adopted and promulgated pursuant to such acts;

9 (b) Knowingly caused, aided, abetted, or conspired with
10 another to cause any person to violate any of the provisions of
11 such acts or any rules or regulations adopted and promulgated
12 pursuant to such acts;

13 (c) Obtained a license or permit pursuant to such acts by
14 fraud, misrepresentation, or concealment;

15 (d) Was convicted of, forfeited bond upon a charge of, or
16 pleaded guilty or nolo contendere to any offense or crime, whether
17 a felony or misdemeanor, involving any gambling activity or fraud,
18 theft, willful failure to make required payments or reports, or
19 filing false reports with a governmental agency at any level;

20 (e) Was convicted of, forfeited bond upon a charge of, or
21 pleaded guilty or nolo contendere to any felony other than those
22 described in subdivision (d) of this subdivision within the ten
23 years preceding the filing of the application;

24 (f) Denied the department or its authorized
25 representatives, including authorized law enforcement agencies,
26 access to any place where pickle card activity required to be
27 licensed under the Nebraska Pickle Card Lottery Act is being

1 conducted or failed to produce for inspection or audit any book,
2 record, document, or item required by law, rule, or regulation;

3 (g) Made a misrepresentation of or failed to disclose a
4 material fact to the department;

5 (h) Failed to prove by clear and convincing evidence his,
6 her, or its qualifications to be licensed in accordance with the
7 Nebraska Pickle Card Lottery Act;

8 (i) Failed to pay any taxes and additions to taxes,
9 including penalties and interest, required by the Nebraska Bingo
10 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery
11 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any
12 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

13 (j) Failed to pay an administrative fine levied pursuant
14 to the Nebraska Bingo Act, the Nebraska County and City Lottery
15 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle
16 Card Lottery Act;

17 (k) Failed to demonstrate good character, honesty, and
18 integrity; or

19 (l) Failed to demonstrate, either individually or, in the
20 case of a business entity or a nonprofit organization, through its
21 managers, employees, or agents, the ability, experience, or
22 financial responsibility necessary to establish or maintain the
23 activity for which the application is made.

24 No license renewal shall be issued when the applicant for
25 renewal would not be eligible for a license upon a first
26 application;

27 (3) To revoke, cancel, or suspend for cause any license.

1 Cause for revocation, cancellation, or suspension of a license
2 shall include instances in which the licensee individually or, in
3 the case of a business entity or a nonprofit organization, any
4 officer, director, employee, or limited liability company member of
5 the licensee, other than an employee whose duties are purely
6 ministerial in nature, any other person or entity directly or
7 indirectly associated with such licensee which directly or
8 indirectly receives compensation other than distributions from a
9 bona fide retirement or pension plan established pursuant to
10 Chapter 1, subchapter D of the Internal Revenue Code from such
11 licensee for past or present services in a consulting capacity or
12 otherwise, or any person with a substantial interest in the
13 licensee:

14 (a) Violated the provisions, requirements, conditions,
15 limitations, or duties imposed by the Nebraska Bingo Act, the
16 Nebraska County and City Lottery Act, the Nebraska Lottery and
17 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
18 Small Lottery and Raffle Act, the State Lottery Act, or any rules
19 or regulations adopted and promulgated pursuant to such acts;

20 (b) Knowingly caused, aided, abetted, or conspired with
21 another to cause any person to violate any of the provisions of the
22 Nebraska Pickle Card Lottery Act or any rules or regulations
23 adopted and promulgated pursuant to the act;

24 (c) Obtained a license pursuant to the Nebraska Pickle
25 Card Lottery Act by fraud, misrepresentation, or concealment;

26 (d) Was convicted of, forfeited bond upon a charge of, or
27 pleaded guilty or nolo contendere to any offense or crime, whether

1 a felony or misdemeanor, involving any gambling activity or fraud,
2 theft, willful failure to make required payments or reports, or
3 filing false reports with a governmental agency at any level;

4 (e) Was convicted of, forfeited bond upon a charge of, or
5 pleaded guilty or nolo contendere to any felony other than those
6 described in subdivision (d) of this subdivision within the ten
7 years preceding the filing of the application;

8 (f) Denied the department or its authorized
9 representatives, including authorized law enforcement agencies,
10 access to any place where pickle card activity required to be
11 licensed under the act is being conducted or failed to produce for
12 inspection or audit any book, record, document, or item required by
13 law, rule, or regulation;

14 (g) Made a misrepresentation of or failed to disclose a
15 material fact to the department;

16 (h) Failed to pay any taxes and additions to taxes,
17 including penalties and interest, required by the Nebraska Bingo
18 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery
19 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any
20 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

21 (i) Failed to pay an administrative fine levied pursuant
22 to the Nebraska Bingo Act, the Nebraska County and City Lottery
23 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle
24 Card Lottery Act;

25 (j) Failed to demonstrate good character, honesty, and
26 integrity; or

27 (k) Failed to demonstrate, either individually or, in the

1 case of a business entity or a nonprofit organization, through its
2 managers, employees, or agents, the ability, experience, or
3 financial responsibility necessary to maintain the activity for
4 which the license was issued;

5 (4) To issue ~~and cause to be served upon any licensee or~~
6 ~~other person~~ an order requiring the a licensee or other person to
7 cease and desist from violations of the Nebraska Pickle Card
8 Lottery Act or any rules or regulations adopted and promulgated
9 pursuant to such act. The order shall give reasonable notice of
10 the rights of the licensee or other person to request a hearing and
11 shall state the reason for the entry of the order. The notice of
12 order shall be mailed to or personally served upon the licensee or
13 other person. If the notice of order is mailed, the date of the
14 United States postmark stamped on the envelope shall be deemed to
15 be the date of service of notice to the licensee or other person.
16 A request for a hearing by the licensee or other person shall be in
17 writing and shall be filed with the department within thirty days
18 after the service of the cease and desist order. If a request for
19 hearing is not filed within the thirty-day period, the cease and
20 desist order shall become permanent at the expiration of such
21 period. A hearing shall be held not later than ~~seven~~ thirty days
22 after the request for the hearing is received by the Tax
23 Commissioner, and within twenty days after the date of the hearing,
24 the Tax Commissioner shall issue an order vacating the cease and
25 desist order or making it permanent as the facts require. All
26 hearings shall be held in accordance with the rules and regulations
27 adopted and promulgated by the department. If the licensee or

1 other person to whom a cease and desist order is issued fails to
2 appear at the hearing after being duly notified, the licensee or
3 other person shall be deemed in default and the proceeding may be
4 determined against the licensee or other person upon consideration
5 of the cease and desist order, the allegations of which may be
6 deemed to be true;

7 (5) To levy an administrative fine on an individual,
8 partnership, limited liability company, corporation, or
9 organization for cause. For purposes of this subdivision, cause
10 shall include instances in which the individual, partnership,
11 limited liability company, corporation, or organization violated
12 the provisions, requirements, conditions, limitations, or duties
13 imposed by the act or any rule or regulation adopted and
14 promulgated pursuant to the act. In determining whether to levy an
15 administrative fine and the amount of the fine if any fine is
16 levied, the department shall take into consideration the
17 seriousness of the violation, the intent of the violator, whether
18 the violator voluntarily reported the violation, whether the
19 violator derived financial gain as a result of the violation and
20 the extent thereof, and whether the violator has had previous
21 violations of the act, rules, or regulations. A fine levied on a
22 violator under this section shall not exceed one thousand dollars
23 for each violation of the act or any rule or regulation adopted and
24 promulgated pursuant to the act plus the financial benefit derived
25 by the violator as a result of each violation. If an
26 administrative fine is levied, the fine shall not be paid from
27 pickle card lottery gross proceeds of an organization and shall be

1 remitted by the violator to the department within thirty days after
2 the date of the order issued by the department levying such fine;

3 (6) To enter or to authorize any law enforcement officer
4 to enter at any time upon any premises where lottery by the sale of
5 pickle cards activity required to be licensed under the act is
6 being conducted to determine whether any of the provisions of such
7 act or any rules or regulations adopted and promulgated under such
8 act have been or are being violated and at such time to examine
9 such premises;

10 (7) To require periodic reports of lottery by the sale of
11 pickle cards activity from licensed manufacturers, distributors,
12 nonprofit organizations, sales agents, pickle card operators, and
13 any other persons, organizations, limited liability companies, or
14 corporations as the department deems necessary to carry out the
15 act;

16 (8) To require annual registration of coin-operated and
17 currency-operated devices used for the dispensing of pickle cards,
18 to issue registration decals for such devices, to prescribe all
19 forms necessary for the registration of such devices, and to impose
20 administrative penalties for failure to properly register such
21 devices;

22 (9) To examine or to cause to have examined, by any agent
23 or representative designated by the department for such purpose,
24 any books, papers, records, or memoranda relating to the conduct of
25 lottery by the sale of pickle cards of any licensee, to require by
26 administrative order or summons the production of such documents or
27 the attendance of any person having knowledge in the premises, to

1 take testimony under oath, and to require proof material for its
2 information. If any such person willfully refuses to make
3 documents available for examination by the department or its agent
4 or representative or willfully fails to attend and testify, the
5 department may apply to a judge of the district court of the county
6 in which such person resides for an order directing such person to
7 comply with the department's request. If any documents requested
8 by the department are in the custody of a corporation, the court
9 order may be directed to any principal officer of the corporation.
10 If the documents requested by the department are in the custody of
11 a limited liability company, the court order may be directed to any
12 member when management is reserved to the members or otherwise to
13 any manager. Any person who fails or refuses to obey such a court
14 order shall be guilty of contempt of court;

15 (10) Unless specifically provided otherwise, to compute,
16 determine, assess, and collect the amounts required to be paid as
17 taxes imposed by the act in the same manner as provided for sales
18 and use taxes in the Nebraska Revenue Act of 1967;

19 (11) To collect license application and license renewal
20 application fees imposed by the Nebraska Pickle Card Lottery Act
21 and to prorate license fees on an annual basis. The department
22 shall establish by rule and regulation the conditions and
23 circumstances under which such fees may be prorated;

24 (12) To inspect pickle cards and pickle card units as
25 provided in section 9-339;

26 ~~(12)~~ (13) To confiscate, seize, or seal pickle cards,
27 pickle card units, or coin-operated or currency-operated pickle

1 card dispensing devices pursuant to section 9-350;

2 ~~(13)~~ (14) To adopt and promulgate such rules and
3 regulations and prescribe all forms as are necessary to carry out
4 the Nebraska Pickle Card Lottery Act; and

5 ~~(14)~~ (15) To employ staff, including auditors and
6 inspectors, as necessary to carry out the act.

7 Sec. 28. Section 9-322.02, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 9-322.02. (1) Before any application is denied pursuant
10 to section 9-322, the department shall notify the applicant in
11 writing of the department's intention to deny the application and
12 the reasons for the denial. Such notice shall inform the applicant
13 of his or her right to request an administrative hearing for the
14 purpose of reconsideration of the intended denial of the
15 application. The date of the United States postmark stamped on the
16 envelope shall be deemed to be the date of service of notice to the
17 applicant.

18 (2) A request for a hearing by the applicant shall be in
19 writing and shall be filed with the department within thirty days
20 after the service of notice to the applicant of the department's
21 intended denial of the application. If a request for hearing is
22 not filed within the thirty-day period, the application denial
23 shall become final at the expiration of such period.

24 (3) If a request for hearing is filed within the
25 thirty-day period, the Tax Commissioner shall grant the applicant a
26 hearing and shall, at least ten days before the hearing, serve
27 notice upon the applicant by certified mail, return receipt

1 requested, of the time, date, and place of the hearing. Such
2 proceedings shall be considered contested cases pursuant to the
3 Administrative Procedure Act.

4 Sec. 29. Section 9-326, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 9-326. (1) Any nonprofit organization holding a
7 certificate of exemption under section 501(c)(3), (c)(4), (c)(5),
8 (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or
9 any volunteer fire company or volunteer first-aid, rescue,
10 ambulance, or emergency squad organized and operated pursuant to
11 ~~Chapter 35, article 17~~, may apply for a license to conduct a lottery
12 by the sale of pickle cards.

13 (2) Prior to applying for any license, an organization
14 shall:

15 (a) Be incorporated in this state as a not-for-profit
16 corporation or organized in this state as a religious or
17 not-for-profit organization. For purposes of this subsection, a
18 domesticated foreign corporation shall not be considered
19 incorporated in this state as a not-for-profit corporation;

20 (b) Conduct activities within this state in addition to
21 the conduct of lottery by the sale of pickle cards;

22 (c) Be authorized by its constitution, articles, charter,
23 or bylaws to further in this state a lawful purpose;

24 (d) Operate without profit to its members, and no part of
25 the net earnings of such organization shall inure to the benefit of
26 any private shareholder or individual; and

27 (e) ~~Be~~ With the exception of a volunteer fire department

1 ~~or an organization devoted solely to the operation of youth amateur~~
2 ~~athletics or company or volunteer first-aid, rescue, ambulance, or~~
3 ~~emergency squad,~~ have been in existence in this state for five
4 years immediately preceding its application for a license and have
5 had during that five-year period a bona fide membership actively
6 engaged in furthering a lawful purpose. A society defined in
7 section 21-608 which is chartered in Nebraska under a state, grand,
8 supreme, national, or other governing body may use the charter date
9 of its parent organization to satisfy such five-year requirement.

10 Sec. 30. Section 9-328, Revised Statutes Supplement,
11 2000, is amended to read:

12 9-328. (1)(a) Except as otherwise provided in this
13 subsection, all licenses to conduct a lottery by the sale of pickle
14 cards and licenses issued to utilization-of-funds members shall
15 expire on September 30 of each year or such other date as the
16 department may prescribe by rule and regulation and may be renewed
17 annually. An application for license renewal shall be submitted to
18 the department at least forty-five days prior to the expiration
19 date of the license unless such application only pertains to the
20 conduct of a lottery by the sale of pickle cards at a special
21 function as provided in section 9-345.01.

22 (b) Commencing October 1, 2001, a license to conduct a
23 lottery by the sale of pickle cards issued to a nonprofit
24 organization holding a certificate of exemption under section
25 501(c)(3) or (c)(4) of the Internal Revenue Code and any license
26 issued to a utilization-of-funds member for such nonprofit
27 organization shall be a biennial license, shall expire on September

1 30 of each odd-numbered year or such other date as the department
2 may prescribe by rule and regulation, and may be renewed
3 biennially. The biennial license fee for a utilization-of-funds
4 member shall be forty dollars.

5 (c) Commencing October 1, 2002, a license to conduct a
6 lottery by the sale of pickle cards issued to a nonprofit
7 organization holding a certificate of exemption under section
8 501(c)(5), (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal
9 Revenue Code or any volunteer fire company or volunteer first-aid,
10 rescue, ambulance, or emergency squad organized and operated
11 pursuant to Chapter 35, article 1, and any license issued to a
12 utilization-of-funds member for such nonprofit organization or
13 volunteer fire company or volunteer first-aid, rescue, ambulance,
14 or emergency squad shall be a biennial license, shall expire on
15 September 30 of each even-numbered year or such other date as the
16 department may prescribe by rule and regulation, and may be renewed
17 biennially. The biennial license fee for a utilization-of-funds
18 member shall be forty dollars.

19 (2) The department shall establish classes of licenses
20 for licensed organizations based upon the manner in which the
21 licensed organization intends to sell the pickle cards. The
22 classes shall include:

23 (a) Class I licenses which shall include organizations
24 which sell individual pickle cards only at the organization's
25 designated premises and at the organization's licensed regularly
26 scheduled bingo occasions pursuant to the Nebraska Bingo Act; and

27 (b) Class II licenses which shall include organizations

1 which sell the pickle cards on the premises of one or more licensed
2 pickle card operators.

3 A licensed organization holding a Class II license shall
4 be required to market and deliver its pickle cards ~~through~~ by a
5 licensed sales agent.

6 (3) (a) Except as otherwise provided in this subsection, a
7 license fee of one hundred dollars shall be charged for each Class
8 I license, one hundred fifty dollars for each Class II license, and
9 twenty dollars for a license for each utilization-of-funds member.

10 (b) Commencing October 1, 2001, a biennial license fee of
11 two hundred dollars shall be charged for a Class I license issued
12 to a nonprofit organization holding a certificate of exemption
13 under section 501(c) (3) or (c) (4) of the Internal Revenue Code, and
14 a biennial license fee of three hundred dollars shall be charged
15 for a Class II license issued to a nonprofit organization holding a
16 certificate of exemption under section 501(c) (3) or (c) (4) of the
17 Internal Revenue Code. Commencing October 1, 2002, a biennial
18 license fee of two hundred dollars shall be charged for a Class I
19 license issued to a nonprofit organization holding a certificate of
20 exemption under section 501(c) (5), (c) (7), (c) (8), (c) (10), or
21 (c) (19) of the Internal Revenue Code or any volunteer fire company
22 or volunteer first-aid, rescue, ambulance, or emergency squad
23 ~~organized and operated pursuant to Chapter 35, article 1, and a~~
24 biennial license fee of three hundred dollars shall be charged for
25 a Class II license issued to a nonprofit organization holding a
26 certificate of exemption under section 501(c) (5), (c) (7), (c) (8),
27 (c) (10), or (c) (19) of the Internal Revenue Code or any volunteer

1 fire company or volunteer first-aid, rescue, ambulance, or
2 emergency squad. organized and operated pursuant to Chapter 35,
3 article 1-

4 (4) The department shall adopt and promulgate rules and
5 regulations establishing reporting requirements for each class of
6 license.

7 Sec. 31. Section 9-329, Revised Statutes Supplement,
8 2000, is amended to read:

9 9-329. (1) ~~No sales agent~~ Unless otherwise authorized by
10 the department, no person shall market, sell, or deliver any pickle
11 card unit to any pickle card operator without first obtaining a
12 sales agent license.

13 (2) Any person wishing to operate as a sales agent in
14 this state shall file an application with the department for a
15 license on a form prescribed by the department. Each application
16 for a license shall include (a) the name, address, and social
17 security number of the person applying for the license, (b) the
18 name and state identification number of the licensed organization
19 for which any pickle card units are to be marketed or sold by the
20 applicant, and (c) such other information which the department
21 deems necessary.

22 (3) A statement signed by the person licensed as a
23 utilization-of-funds member signifying that such licensed
24 organization approves the applicant to act as a sales agent on
25 behalf of such organization shall accompany each sales agent's
26 application for a license. No person licensed as a
27 utilization-of-funds member shall be licensed as a sales agent.

1 (4) (a) Except as otherwise provided in this subsection, a
2 fee of fifty dollars shall be charged for each license issued
3 pursuant to this section. The department shall remit the proceeds
4 from such fee to the State Treasurer for credit to the Charitable
5 Gaming Operations Fund. Such licenses shall expire on September 30
6 of each year or such other date which the department may prescribe
7 by rule and regulation and may be renewed annually. An application
8 for license renewal shall be submitted to the department at least
9 forty-five days prior to the expiration date of the license.

10 (b) Commencing October 1, 2001, a sales agent license
11 issued to a person on behalf of a nonprofit organization holding a
12 certificate of exemption under section 501(c)(3) or (c)(4) of the
13 Internal Revenue Code shall be a biennial license, shall expire on
14 September 30 of each odd-numbered year or such other date as the
15 department may prescribe by rule and regulation, and may be renewed
16 biennially. The biennial license fee for a sales agent shall be
17 one hundred dollars. Commencing October 1, 2002, a sales agent
18 license issued to a person on behalf of a nonprofit organization
19 holding a certificate of exemption under section 501(c)(5), (c)(7),
20 (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any
21 volunteer fire company or volunteer first-aid, rescue, ambulance,
22 or emergency squad organized and operated pursuant to Chapter 35,
23 article 17 shall be a biennial license, shall expire on September
24 30 of each even-numbered year or such other date as the department
25 may prescribe by rule and regulation, and may be renewed
26 biennially. The biennial license fee for a sales agent license
27 shall be one hundred dollars.

1 (5) The information required by this section shall be
2 kept current. A sales agent shall notify the department within
3 thirty days if any information in the application is no longer
4 correct and shall supply the correct information.

5 (6) The department may prescribe a separate application
6 form for renewal purposes.

7 (7) The department may issue a temporary license pending
8 receipt of additional information or further inquiry.

9 Sec. 32. Section 9-331, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 9-331. (1) No person, except a distributor operating
12 pursuant to the Nebraska Pickle Card Lottery Act, shall sell or
13 distribute any pickle card units to any licensed organization.

14 (2) No distributor shall hold a license to conduct a
15 lottery by the sale of pickle cards or any other kind of gambling
16 activity which is authorized or regulated under Chapter 9 or a
17 license to act as a sales agent, pickle card operator, or
18 manufacturer of pickle cards or pickle card units except as
19 provided in sections 9-255.07 and 9-632.

20 (3) If a distributor delivers any pickle card unit, he or
21 she shall deliver such unit only to a licensed utilization-of-funds
22 member for pickle cards, a licensed sales agent, a licensed gaming
23 manager, a bingo chairperson designated by an organization licensed
24 to conduct bingo pursuant to the Nebraska Bingo Act, or a person
25 who serves as a manager for a licensed organization which is exempt
26 under section 501(c)(8), (c)(10), or (c)(19) of the Internal
27 Revenue Code and shall not deliver any pickle card unit to any

1 other person, including a pickle card operator.

2 (4) No distributor shall offer or agree to offer anything
3 of value to any person in exchange for an agreement or commitment
4 by such person to exclusively sell pickle cards sold by such
5 distributor. Nothing in this section shall prohibit a licensed
6 organization or pickle card operator from exclusively selling
7 pickle cards sold by a single distributor. No licensed
8 organization or pickle card operator shall accept or agree to
9 accept anything of value from a distributor in exchange for an
10 agreement or commitment by such licensed organization or pickle
11 card operator to exclusively sell pickle cards sold by such
12 distributor.

13 (5) No distributor or employee or spouse of any
14 distributor shall participate in the conduct or operation of any
15 lottery by the sale of pickle cards or any other kind of gambling
16 activity which is authorized or regulated under Chapter 9 except to
17 the exclusive extent of his or her statutory duties as a licensed
18 distributor and as provided in sections 9-255.07 and 9-632. No
19 distributor or employee or spouse of any distributor shall have a
20 substantial interest in another distributor, a manufacturer, a
21 manufacturer-distributor as defined in section 9-616 other than
22 itself, or a licensed organization or any other licensee regulated
23 under Chapter 9. Membership in any organization shall not be
24 deemed a violation of this section.

25 (6) A distributor shall purchase or otherwise obtain
26 pickle card units only from a licensed manufacturer and shall pay
27 for such units by check within ~~fifteen~~ thirty days of delivery.

1 Sec. 33. Section 9-340.02, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 9-340.02. (1) All pickle card units purchased by a
4 licensed organization from a licensed distributor shall be paid for
5 by a check drawn on the pickle card bank account of the licensed
6 organization either in advance of or upon delivery of the pickle
7 card units.

8 (2) A licensed pickle card operator shall remit the
9 definite profit, less not more than thirty percent of the definite
10 profit as allowed by subsection (4) of section 9-347, of all pickle
11 card units received to the sponsoring licensed organization by
12 check either in advance of or upon delivery of the pickle card
13 units from the sales agent to the pickle card operator. Upon
14 delivery of the pickle card units, the sales agent shall issue the
15 pickle card operator a standard receipt prescribed by the
16 department.

17 (3) ~~Pickle~~ Unless otherwise authorized by the department,
18 pickle card units shall be delivered ~~by the sales agent to the a~~
19 ~~pickle card operator in any manner which results in a signed~~
20 ~~receipt from the pickle card operator, including only by a sales~~
21 agent's personal delivery or by delivery arranged by a sales agent
22 through the mail or by a common carrier.

23 (4) No licensed organization conducting a lottery by the
24 sale of pickle cards shall extend credit in any form, including,
25 but not limited to, the extension of any credit with regard to the
26 receipt of the definite profit, less not more than thirty percent
27 of the definite profit as allowed by subsection (4) of section

1 9-347, of a pickle card unit from a pickle card operator upon
2 delivery of a pickle card unit to the pickle card operator and the
3 extension of any credit with regard to the sale or lease of any
4 equipment or coin-operated or currency-operated pickle card
5 dispensing device used in connection with a lottery by the sale of
6 pickle cards.

7 (5) All payments for the purchase, lease, or rental of a
8 coin-operated or currency-operated pickle card dispensing device by
9 a licensed organization shall be made by a check drawn on the
10 organization's pickle card checking account.

11 (6) All payments for the purchase, lease, or rental of a
12 coin-operated or currency-operated pickle card dispensing device by
13 a licensed pickle card operator from a licensed organization shall
14 be made by a check drawn on the business checking account of the
15 pickle card operator or a personal checking account of an owner,
16 partner, or officer of the pickle card operator, either at the time
17 of or before placement of the device or on or before the first day
18 of the period of the lease, whichever comes first.

19 (7) All lease or rental agreements between a licensed
20 organization and a licensed pickle card operator for coin-operated
21 or currency-operated pickle card dispensing devices shall be
22 subject to approval by the department.

23 Sec. 34. Section 9-347, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 9-347. (1) The gross proceeds of any lottery by the sale
26 of pickle cards shall be used solely for lawful purposes, awarding
27 of prizes, payment of the unit cost, any commission paid to a

1 pickle card operator, allowable expenses, and allocations for bingo
2 expenses as provided by subsection (5) of this section.

3 (2) Not less than sixty-five percent or more than eighty
4 percent of the gross proceeds of any lottery by the sale of pickle
5 cards shall be used for the awarding of prizes.

6 (3) Not more than eight percent of the definite profit of
7 a pickle card unit shall be used by the licensed organization to
8 pay the allowable expenses of operating a lottery by the sale of
9 pickle cards, except that license fees paid to the department to
10 license the organization, each utilization-of-funds member, and any
11 sales agent and pickle card dispensing device registration fees
12 shall not be included in determining the eight-percent limitation
13 on expenses and no portion of such eight percent shall be used to
14 pay any expenses associated with the sale of pickle cards at a
15 bingo occasion conducted pursuant to the Nebraska Bingo Act, and of
16 such eight percent not more than four percent of the definite
17 profit may be used by the licensed organization for the payment of
18 any commission, salary, or fee to a sales agent in connection with
19 the marketing, sale, and delivery of a pickle card unit. When
20 determining the eight percent of definite profit that is permitted
21 to pay the allowable expenses of operating a lottery by the sale of
22 pickle cards, the definite profit from the sale of pickle cards at
23 the organization's bingo occasions shall not be included.

24 (4) Not more than thirty percent of the definite profit
25 of a pickle card unit shall be used by a licensed organization to
26 pay a pickle card operator a commission, fee, or salary for selling
27 individual pickle cards as opportunities for participation in a

1 lottery by the sale of pickle cards on behalf of the licensed
2 organization.

3 (5) An organization licensed to conduct bingo pursuant to
4 the Nebraska Bingo Act may allocate a portion of the expenses
5 associated with the conduct of its bingo occasions to its lottery
6 by the sale of pickle cards conducted at such bingo occasions.
7 Such allocation shall be based upon the percentage that pickle card
8 gross proceeds derived from the sale of pickle cards at the bingo
9 occasions represents to the total of bingo gross receipts and
10 pickle card gross proceeds derived from such bingo occasions for
11 the previous annual reporting period. ~~July 1 through June 30~~. An
12 organization licensed to conduct bingo that has not been previously
13 licensed shall determine such allocation based upon the percentage
14 that pickle card gross proceeds derived from the sale of pickle
15 cards at the bingo occasions represents to the total of bingo gross
16 receipts and pickle card gross proceeds derived from such bingo
17 occasions for the initial three consecutive calendar months of
18 operation. The total amount of expenses that may be allocated to
19 the organization's lottery by the sale of pickle cards shall be
20 subject to the limitations on bingo expenses as provided for in the
21 Nebraska Bingo Act with respect to the fourteen-percent expense
22 limitation and the fair-market-value limitation on the purchase,
23 rental, or lease of bingo equipment and the rental or lease of
24 personal property or of a premises for the conduct of bingo. No
25 expenses associated with the conduct of bingo may be paid directly
26 from the pickle card checking account. A licensed organization
27 which needs to allocate a portion of the expenses associated with

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1 the conduct of its bingo occasions to its lottery by the sale of
2 pickle cards conducted at such bingo occasions to pay bingo
3 expenses as provided by this section shall transfer funds from the
4 pickle card checking account to the bingo checking account by a
5 check drawn on the pickle card checking account or by electronic
6 funds transfer.

7 Sec. 35. Section 9-347.01, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 9-347.01. (1) For each type of pickle card unit marketed
10 in this state, the department shall determine the following: (a)
11 When a licensed organization sells pickle cards through pickle card
12 operators, the portion of the definite profit from that pickle card
13 unit which shall go to the licensed organization, such amount to be
14 not less than seventy percent of the definite profit from such
15 pickle card unit; (b) the maximum amount of the definite profit
16 from the sale of a pickle card unit that a licensed organization
17 may pay a pickle card operator as a commission, fee, or salary to
18 sell its pickle cards, such amount not to exceed thirty percent of
19 the definite profit from such pickle card unit; (c) the portion of
20 the definite profit from the sale of a pickle card unit which may
21 be expended by a licensed organization for allowable expenses, such
22 amount not to exceed eight percent of the definite profit from such
23 pickle card unit; and (d) the portion of the definite profit from
24 the sale of a pickle card unit which may be utilized by a licensed
25 organization for payment of a the organization's sales agent,
26 ~~selling pickle cards on behalf of the licensed organization,~~ such
27 amount to be a portion of the allowable expenses and not to exceed

1 four percent of the definite profit from such pickle card unit.

2 (2) The licensed organization's net profit from the sale
3 of a pickle card unit shall be used exclusively for a lawful
4 purpose. A licensed organization shall not donate or promise to
5 donate its net profit or any portion of the net profit to a
6 recipient outside of its organization as an inducement for or in
7 exchange for (a) a payment, gift, or other thing of value from the
8 recipient to any person, organization, or corporation, including,
9 but not limited to, the licensed organization or any of its
10 members, employees, or agents, or (b) a pickle card operator's
11 agreement to sell pickle cards on behalf of the licensed
12 organization.

13 Sec. 36. Section 9-349, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 9-349. (1) A licensed organization conducting a lottery
16 by the sale of pickle cards shall report annually to the
17 department, on a form prescribed by the department, a complete and
18 accurate accounting of its gross proceeds from the lottery by the
19 sale of pickle cards. ~~on a form prescribed by the department.~~ The
20 annual report shall demonstrate that the organization's definite
21 profit from pickle card sales has been retained in the
22 organization's pickle card checking account or expended solely for
23 allowable expenses, unit costs, any pickle card operator
24 commissions, lawful purpose donations, any license fees paid to the
25 department to license the organization, each utilization-of-funds
26 member, and any sales agent, coin-operated or currency-operated
27 pickle card dispensing device registration fees, or any bingo

1 expenses allocated to the sale of pickle cards as provided for in
2 section 9-347. ~~A copy of the annual report shall be submitted to~~
3 ~~the organization's membership.~~

4 (2) The annual report shall cover the organization's
5 lottery by the sale of pickle cards activities from July 1 through
6 June 30 of each year and or such other period as the department may
7 prescribe by rule and regulation. Such report shall be submitted
8 to the department on or before August 15 of each year or such other
9 date as the department may prescribe by rule and regulation.

10 (3) A copy of the report shall be submitted to the
11 organization's membership.

12 (4) Upon dissolution of a licensed organization or if a
13 previously licensed organization does not renew its license to
14 conduct a lottery by the sale of pickle cards, its license renewal
15 application is denied, or its license is canceled or revoked, all
16 remaining profits derived from the conduct of the lottery by the
17 sale of pickle cards shall be utilized for a lawful purpose and
18 shall not be distributed to any private individual or shareholder.
19 A complete and accurate report of the organization's pickle card
20 activity shall be filed with the department, on a form prescribed
21 by the department, no later than forty-five days after the date the
22 organization is dissolved or no later than forty-five days after
23 the expiration date of the license or the effective date of the
24 license renewal application denial or license cancellation or
25 revocation. The report shall cover the period from the end of the
26 organization's most recent annual report filed through the date the
27 organization is dissolved or the date the license renewal

1 application has been denied or the license has been canceled or
2 revoked or has otherwise expired. The organization shall include
3 with the report a plan for the disbursement of any remaining
4 profits which shall be subject to approval by the department. Such
5 plan shall identify the specific purposes for which the remaining
6 profits will be utilized.

7 (5) In addition to the reports required by subsections
8 (1) and (4) of this section, the department may prescribe by rule
9 and regulation the filing of a pickle card revenue status report by
10 August 15 of each year or such other date as the department may
11 prescribe by rule and regulation, on a form prescribed by the
12 department, listing all disbursements of pickle card revenue until
13 all such revenue has been expended either for allowable expenses or
14 for a lawful purpose.

15 Sec. 37. Section 9-401, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 9-401. Sections 9-401 to 9-437 and section 39 of this
18 act shall be known and may be cited as the Nebraska Lottery and
19 Raffle Act.

20 Sec. 38. Section 9-410, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 9-410. Licensed organization shall mean a nonprofit
23 organization or a volunteer fire company or volunteer first-aid,
24 rescue, ambulance, or emergency squad licensed to conduct a lottery
25 or raffle under the Nebraska Lottery and Raffle Act.

26 Sec. 39. Volunteer fire company or volunteer first-aid,
27 rescue, ambulance, or emergency squad shall mean a volunteer

1 association or organization serving any city, village, county,
2 township, or rural or suburban fire protection district in Nebraska
3 by providing fire protection or emergency response services for the
4 purpose of protecting human life, health, or property.

5 Sec. 40. Section 9-418, Revised Statutes Supplement,
6 2000, is amended to read:

7 9-418. The department shall have the following powers,
8 functions, and duties:

9 (1) To issue licenses, temporary licenses, and permits;

10 (2) To deny any license or permit application or renewal
11 application for cause. Cause for denial of an application or
12 renewal of a license or permit shall include instances in which the
13 applicant individually or, in the case of a nonprofit organization,
14 any officer, director, or employee of the applicant, licensee, or
15 permittee, other than an employee whose duties are purely
16 ministerial in nature, any other person or entity directly or
17 indirectly associated with such applicant, licensee, or permittee
18 which directly or indirectly receives compensation other than
19 distributions from a bona fide retirement plan established pursuant
20 to Chapter 1, subchapter D of the Internal Revenue Code from such
21 applicant, licensee, or permittee for past or present services in a
22 consulting capacity or otherwise, the licensee, the permittee, or
23 any person with a substantial interest in the applicant, licensee,
24 or permittee:

25 (a) Violated the provisions, requirements, conditions,
26 limitations, or duties imposed by the Nebraska Bingo Act, the
27 Nebraska County and City Lottery Act, the Nebraska Lottery and

1 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
2 Small Lottery and Raffle Act, or the State Lottery Act or any rules
3 or regulations adopted and promulgated pursuant to such acts;

4 (b) Knowingly caused, aided, abetted, or conspired with
5 another to cause any person to violate any of the provisions of
6 such acts or any rules or regulations adopted and promulgated
7 pursuant to such acts;

8 (c) Obtained a license or permit pursuant to the Nebraska
9 Bingo Act, the Nebraska County and City Lottery Act, the Nebraska
10 Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act by
11 fraud, misrepresentation, or concealment;

12 (d) Was convicted of, forfeited bond upon a charge of, or
13 pleaded guilty or nolo contendere to any offense or crime, whether
14 a felony or misdemeanor, involving any gambling activity or fraud,
15 theft, willful failure to make required payments or reports, or
16 filing false reports with a governmental agency at any level;

17 (e) Was convicted of, forfeited bond upon a charge of, or
18 pleaded guilty or nolo contendere to any felony other than those
19 described in subdivision (d) of this subdivision within the ten
20 years preceding the filing of the application;

21 (f) Denied the department or its authorized
22 representatives, including authorized law enforcement agencies,
23 access to any place where lottery or raffle activity required to be
24 licensed under the Nebraska Lottery and Raffle Act is being
25 conducted or failed to produce for inspection or audit any book,
26 record, document, or item required by law, rule, or regulation;

27 (g) Made a misrepresentation of or failed to disclose a

1 material fact to the department;

2 (h) Failed to prove by clear and convincing evidence his,
3 her, or its qualifications to be licensed in accordance with the
4 Nebraska Lottery and Raffle Act;

5 (i) Failed to pay any taxes and additions to taxes,
6 including penalties and interest, required by the Nebraska Bingo
7 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery
8 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any
9 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

10 (j) Failed to pay an administrative fine levied pursuant
11 to the Nebraska Bingo Act, the Nebraska County and City Lottery
12 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle
13 Card Lottery Act;

14 (k) Failed to demonstrate good character, honesty, and
15 integrity; or

16 (l) Failed to demonstrate, either individually or, in the
17 case of a nonprofit organization, through its managers or
18 employees, the ability, experience, or financial responsibility
19 necessary to establish or maintain the activity for which the
20 application is made.

21 No license renewal shall be issued when the applicant for
22 renewal would not be eligible for a license upon a first
23 application;

24 (3) To revoke, cancel, or suspend for cause any license
25 or permit. Cause for revocation, cancellation, or suspension of a
26 license or permit shall include instances in which the licensee or
27 permittee individually or, in the case of a nonprofit organization,

1 any officer, director, or employee of the licensee or permittee,
2 other than an employee whose duties are purely ministerial in
3 nature, any other person or entity directly or indirectly
4 associated with such licensee or permittee which directly or
5 indirectly receives compensation other than distributions from a
6 bona fide retirement plan established pursuant to Chapter 1,
7 subchapter D of the Internal Revenue Code from such licensee or
8 permittee for past or present services in a consulting capacity or
9 otherwise, or any person with a substantial interest in the
10 licensee or permittee:

11 (a) Violated the provisions, requirements, conditions,
12 limitations, or duties imposed by the Nebraska Bingo Act, the
13 Nebraska County and City Lottery Act, the Nebraska Lottery and
14 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
15 Small Lottery and Raffle Act, the State Lottery Act, or any rules
16 or regulations adopted and promulgated pursuant to such acts;

17 (b) Knowingly caused, aided, abetted, or conspired with
18 another to cause any person to violate any of the provisions of the
19 Nebraska Lottery and Raffle Act or any rules or regulations adopted
20 and promulgated pursuant to the act;

21 (c) Obtained a license or permit pursuant to the act by
22 fraud, misrepresentation, or concealment;

23 (d) Was convicted of, forfeited bond upon a charge of, or
24 pleaded guilty or nolo contendere to any offense or crime, whether
25 a felony or misdemeanor, involving any gambling activity or fraud,
26 theft, willful failure to make required payments or reports, or
27 filing false reports with a governmental agency at any level;

1 (e) Was convicted of, forfeited bond upon a charge of, or
2 pleaded guilty or nolo contendere to any felony other than those
3 described in subdivision (d) of this subdivision within the ten
4 years preceding filing of the application;

5 (f) Denied the department or its authorized
6 representatives, including authorized law enforcement agencies,
7 access to any place where lottery or raffle activity required to be
8 licensed under the Nebraska Lottery and Raffle Act is being
9 conducted or failed to produce for inspection or audit any book,
10 record, document, or item required by law, rule, or regulation;

11 (g) Made a misrepresentation of or failed to disclose a
12 material fact to the department;

13 (h) Failed to pay any taxes and additions to taxes,
14 including penalties and interest, required by the Nebraska Bingo
15 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery
16 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any
17 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

18 (i) Failed to pay an administrative fine levied pursuant
19 to the Nebraska Bingo Act, the Nebraska County and City Lottery
20 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle
21 Card Lottery Act;

22 (j) Failed to demonstrate good character, honesty, and
23 integrity; or

24 (k) Failed to demonstrate, either individually or, in the
25 case of a nonprofit organization, through its managers or
26 employees, the ability, experience, or financial responsibility
27 necessary to maintain the activity for which the license was

1 issued;

2 (4) To issue an order requiring a licensee, permittee, or
3 other person to cease and desist from violations of the Nebraska
4 Lottery and Raffle Act or any rules or regulations adopted and
5 promulgated pursuant to such act. The order shall give reasonable
6 notice of the rights of the licensee, permittee, or other person to
7 request a hearing and shall state the reason for the entry of the
8 order. The notice of order shall be mailed to or personally served
9 upon the licensee, permittee, or other person. If the notice of
10 order is mailed, the date of the United States postmark stamped on
11 the envelope shall be deemed to be the date of service of notice to
12 the licensee, permittee, or other person. A request for a hearing
13 by the licensee, permittee, or other person shall be in writing and
14 shall be filed with the department within thirty days after the
15 service of the cease and desist order. If a request for hearing is
16 not filed within the thirty-day period, the cease and desist order
17 shall become permanent at the expiration of such period. A hearing
18 shall be held not later than thirty days after the request for the
19 hearing is received by the Tax Commissioner, and within twenty days
20 after the date of the hearing, the Tax Commissioner shall issue an
21 order vacating the cease and desist order or making it permanent as
22 the facts require. All hearings shall be held in accordance with
23 the rules and regulations adopted and promulgated by the
24 department. If the licensee, permittee, or other person to whom a
25 cease and desist order is issued fails to appear at the hearing
26 after being duly notified, the licensee, permittee, or other person
27 shall be deemed in default and the proceeding may be determined

1 against the licensee, permittee, or other person upon consideration
2 of the cease and desist order, the allegations of which may be
3 deemed to be true;

4 (5) To examine or to cause to have examined, by any agent
5 or representative designated by the department for such purpose,
6 any books, papers, records, or memoranda relating to lottery or
7 raffle activities required to be licensed pursuant to the Nebraska
8 Lottery and Raffle Act, to require by summons the production of
9 such documents or the attendance of any person having knowledge in
10 the premises, to take testimony under oath, and to require proof
11 material for its information. If any such person willfully refuses
12 to make documents available for examination by the department or
13 its agent or representative or willfully fails to attend and
14 testify, the department may apply to a judge of the district court
15 of the county in which such person resides for an order directing
16 such person to comply with the department's request. If any
17 documents requested by the department are in the custody of a
18 corporation, the court order may be directed to any principal
19 officer of the corporation. Any person who fails or refuses to
20 obey such a court order shall be guilty of contempt of court;

21 ~~(5)~~ (6) To levy an administrative fine on an individual,
22 partnership, limited liability company, corporation, or
23 organization for cause. For purposes of this subdivision, cause
24 shall include instances in which the individual, partnership,
25 limited liability company, corporation, or organization violated
26 the provisions, requirements, conditions, limitations, or duties
27 imposed by the act or any rule or regulation adopted and

1 promulgated pursuant to the act. In determining whether to levy an
2 administrative fine and the amount of the fine if any fine is
3 levied, the department shall take into consideration the
4 seriousness of the violation, the intent of the violator, whether
5 the violator voluntarily reported the violation, whether the
6 violator derived financial gain as a result of the violation and
7 the extent thereof, and whether the violator has had previous
8 violations of the act, rules, or regulations. A fine levied on a
9 violator under this section shall not exceed one thousand dollars
10 for each violation of the act or any rule or regulation adopted and
11 promulgated pursuant to the act plus the financial benefit derived
12 by the violator as a result of each violation. If an
13 administrative fine is levied, the fine shall not be paid from
14 lottery or raffle gross proceeds of an organization and shall be
15 remitted by the violator to the department within thirty days after
16 the date of the order issued by the department levying such fine;

17 ~~(6)~~ (7) Unless specifically provided otherwise, to
18 compute, determine, assess, and collect the amounts required to be
19 paid to the state as taxes imposed by the act in the same manner as
20 provided for sales and use taxes in the Nebraska Revenue Act of
21 1967;

22 (8) To collect license application, license renewal
23 application, and permit fees imposed by the Nebraska Lottery and
24 Raffle Act and to prorate license fees on an annual basis. The
25 department shall establish, by rule and regulation, the conditions
26 and circumstances under which such fees may be prorated;

27 ~~(7)~~ (9) To confiscate and seize lottery or raffle tickets

1 or stubs pursuant to section 9-432; and

2 ~~(8)~~ (10) To adopt and promulgate such rules and
3 regulations, prescribe such forms, and employ such staff, including
4 inspectors, as are necessary to carry out the ~~Nebraska Lottery and~~
5 ~~Raffle Act~~ act.

6 Sec. 41. Section 9-418.01, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 9-418.01. (1) Before any application is denied pursuant
9 to section 9-418, the department shall notify the applicant in
10 writing of the department's intention to deny the application and
11 the reasons for the denial. Such notice shall inform the applicant
12 of his or her right to request an administrative hearing for the
13 purpose of reconsideration of the intended denial of the
14 application. The date of the United States postmark stamped on the
15 envelope shall be deemed to be the date of service of notice to the
16 applicant.

17 (2) A request for a hearing by the applicant shall be in
18 writing and shall be filed with the department within thirty days
19 after the service of notice to the applicant of the department's
20 intended denial of the application. If a request for hearing is
21 not filed within the thirty-day period, the denial shall become
22 final at the expiration of such period.

23 (3) If a request for hearing is filed within the
24 thirty-day period, the Tax Commissioner shall grant the applicant a
25 hearing and shall, at least ten days before the hearing, serve
26 notice upon the applicant by certified mail, return receipt
27 requested, of the time, date, and place of the hearing. Such

1 proceedings shall be considered contested cases pursuant to the
2 Administrative Procedure Act.

3 Sec. 42. Section 9-423, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 9-423. (1) Any nonprofit organization holding a
6 certificate of exemption under section 501 of the Internal Revenue
7 Code or any volunteer fire company or volunteer first-aid, rescue,
8 ambulance, or emergency squad ~~organized and operated pursuant to~~
9 ~~Chapter 35, article 1,~~ may apply for a license to conduct a lottery
10 or raffle.

11 (2) Prior to applying for any license, an organization
12 shall:

13 (a) Be incorporated in this state as a not-for-profit
14 corporation or organized in this state as a religious or
15 not-for-profit organization;

16 (b) Have at least ten members in good standing;

17 (c) Conduct activities within this state in addition to
18 the conduct of lotteries or raffles;

19 (d) Be authorized by its constitution, articles,
20 charter, or bylaws to further in this state a lawful purpose; and

21 (e) Operate without profit to its members, and no part
22 of the net earnings of such organization shall inure to the benefit
23 of any private shareholder or individual.

24 Sec. 43. Section 9-425, Revised Statutes Supplement,
25 2000, is amended to read:

26 9-425. (1) Except as otherwise provided in this section,
27 all licenses to conduct a lottery or raffle and licenses issued to

1 utilization-of-funds members shall expire on September 30 of each
2 year or such other date as the department may prescribe by rule and
3 regulation and may be renewed annually. An application for license
4 renewal shall be submitted to the department at least thirty days
5 prior to the starting date of the first lottery or raffle ticket
6 sales for the license year. The department may issue a temporary
7 license prior to receiving all necessary information from the
8 applicant.

9 (2) Commencing October 1, 2001, a license to conduct a
10 lottery or raffle issued to a nonprofit organization holding a
11 certificate of exemption under section 501(c)(3) or (c)(4) of the
12 Internal Revenue Code and any license issued to a
13 utilization-of-funds member for such nonprofit organization shall
14 be a biennial license, shall expire on September 30 of each
15 odd-numbered year or such other date as the department may
16 prescribe by rule and regulation, and may be renewed biennially.
17 An organization seeking to renew its license must submit its
18 application for renewal at least thirty days prior to the date the
19 organization intends to begin selling lottery or raffle tickets in
20 the new biennial licensing period. The biennial license fee ~~for~~ a
21 ~~license~~ to conduct a lottery or raffle shall be thirty dollars and
22 the biennial license fee for a utilization-of-funds member shall be
23 forty dollars. Commencing October 1, 2002, a license to conduct a
24 lottery or raffle issued to a nonprofit organization holding a
25 certificate of exemption under section 501 of the Internal Revenue
26 Code, other than a nonprofit organization holding a certificate of
27 exemption under section 501(c)(3) or (c)(4) of the code, or any

1 volunteer fire company or volunteer first-aid, rescue, ambulance,
2 or emergency squad, organized and operated pursuant to Chapter 35,
3 article 1, and any license issued to a utilization-of-funds member
4 for such nonprofit organization or volunteer fire company or
5 volunteer first-aid, rescue, ambulance, or emergency squad shall be
6 a biennial license, shall expire on September 30 of each
7 even-numbered year or such other date as the department may
8 prescribe by rule and regulation, and may be renewed biennially.
9 An organization seeking to renew its license must submit its
10 application for renewal at least thirty days prior to the date the
11 organization intends to begin selling lottery or raffle tickets in
12 the new biennial licensing period. The biennial license fee ~~for~~ a
13 license to conduct a lottery or raffle shall be thirty dollars and
14 the biennial license fee for a utilization-of-funds member shall be
15 forty dollars.

16 Sec. 51. Section 9-620, Revised Statutes Supplement,
17 2000, is amended to read:

18 9-620. The department shall have the following powers,
19 functions, and duties:

20 (1) To issue licenses and temporary licenses;

21 (2) To deny any license application or renewal
22 application for cause. Cause for denial of an application or
23 renewal of a license shall include instances in which the applicant
24 individually, or in the case of a business entity, any officer,
25 director, employee, or limited liability company member of the
26 applicant or licensee other than an employee whose duties are
27 purely ministerial in nature, any other person or entity directly

1 or indirectly associated with such applicant or licensee which
2 directly or indirectly receives compensation other than
3 distributions from a bona fide retirement or pension plan
4 established pursuant to Chapter 1, subchapter D of the Internal
5 Revenue Code from such applicant or licensee for past or present
6 services in a consulting capacity or otherwise, the licensee, or
7 any person with a substantial interest in the applicant or
8 licensee:

9 (a) Violated the provisions, requirements, conditions,
10 limitations, or duties imposed by the Nebraska Bingo Act, the
11 Nebraska County and City Lottery Act, the Nebraska Lottery and
12 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
13 Small Lottery and Raffle Act, the State Lottery Act, or any rules
14 or regulations adopted and promulgated pursuant to such acts;

15 (b) Knowingly caused, aided, abetted, or conspired with
16 another to cause any person to violate any of the provisions of
17 such acts or any rules or regulations adopted and promulgated
18 pursuant to such acts;

19 (c) Obtained a license or permit pursuant to such acts by
20 fraud, misrepresentation, or concealment;

21 (d) Was convicted of, forfeited bond upon a charge of, or
22 pleaded guilty or nolo contendere to any offense or crime, whether
23 a felony or a misdemeanor, involving any gambling activity or
24 fraud, theft, willful failure to make required payments or reports,
25 or filing false reports with a governmental agency at any level;

26 (e) Was convicted of, forfeited bond upon a charge of, or
27 pleaded guilty or nolo contendere to any felony other than those

1 described in subdivision (d) of this subdivision within the ten
2 years preceding the filing of the application;

3 (f) Denied the department or its authorized
4 representatives, including authorized law enforcement agencies,
5 access to any place where activity required to be licensed under
6 the Nebraska County and City Lottery Act is being conducted or
7 failed to produce for inspection or audit any book, record,
8 document, or item required by law, rule, or regulation;

9 (g) Made a misrepresentation of or failed to disclose a
10 material fact to the department;

11 (h) Failed to prove by clear and convincing evidence his,
12 her, or its qualifications to be licensed in accordance with the
13 Nebraska County and City Lottery Act;

14 (i) Failed to pay any taxes and additions to taxes,
15 including penalties and interest, required by the Nebraska Bingo
16 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery
17 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any
18 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

19 (j) Failed to pay an administrative fine levied pursuant
20 to the Nebraska Bingo Act, the Nebraska County and City Lottery
21 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle
22 Card Lottery Act;

23 (k) Failed to demonstrate good character, honesty, and
24 integrity; or

25 (l) Failed to demonstrate, either individually or in the
26 case of a business entity through its managers, employees, or
27 agents, the ability, experience, or financial responsibility

1 necessary to establish or maintain the activity for which the
2 application is made.

3 No license renewal shall be issued when the applicant for
4 renewal would not be eligible for a license upon a first
5 application;

6 (3) To revoke, cancel, or suspend for cause any license.
7 Cause for revocation, cancellation, or suspension of a license
8 shall include instances in which the licensee individually, or in
9 the case of a business entity, any officer, director, employee, or
10 limited liability company member of the licensee other than an
11 employee whose duties are purely ministerial in nature, any other
12 person or entity directly or indirectly associated with such
13 licensee which directly or indirectly receives compensation other
14 than distributions from a bona fide retirement or pension plan
15 established pursuant to Chapter 1, subchapter D of the Internal
16 Revenue Code from such licensee for past or present services in a
17 consulting capacity or otherwise, or any person with a substantial
18 interest in the licensee:

19 (a) Violated the provisions, requirements, conditions,
20 limitations, or duties imposed by the Nebraska Bingo Act, the
21 Nebraska County and City Lottery Act, the Nebraska Lottery and
22 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
23 Small Lottery and Raffle Act, the State Lottery Act, or any rules
24 or regulations adopted and promulgated pursuant to such acts;

25 (b) Knowingly caused, aided, abetted, or conspired with
26 another to cause any person to violate any of the provisions of the
27 Nebraska County and City Lottery Act or any rules or regulations

1 adopted and promulgated pursuant to the act;

2 (c) Obtained a license pursuant to the Nebraska County
3 and City Lottery Act by fraud, misrepresentation, or concealment;

4 (d) Was convicted of, forfeited bond upon a charge of, or
5 pleaded guilty or nolo contendere to any offense or crime, whether
6 a felony or a misdemeanor, involving any gambling activity or
7 fraud, theft, willful failure to make required payments or reports,
8 or filing false reports with a governmental agency at any level;

9 (e) Was convicted of, forfeited bond upon a charge of, or
10 pleaded guilty or nolo contendere to any felony other than those
11 described in subdivision (d) of this subdivision within the ten
12 years preceding the filing of the application;

13 (f) Denied the department or its authorized
14 representatives, including authorized law enforcement agencies,
15 access to any place where activity required to be licensed under
16 the Nebraska County and City Lottery Act is being conducted or
17 failed to produce for inspection or audit any book, record,
18 document, or item required by law, rule, or regulation;

19 (g) Made a misrepresentation of or failed to disclose a
20 material fact to the department;

21 (h) Failed to pay any taxes and additions to taxes,
22 including penalties and interest, required by the Nebraska Bingo
23 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery
24 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any
25 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

26 (i) Failed to pay an administrative fine levied pursuant
27 to the Nebraska Bingo Act, the Nebraska County and City Lottery

1 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle
2 Card Lottery Act;

3 (j) Failed to demonstrate good character, honesty, and
4 integrity; or

5 (k) Failed to demonstrate, either individually or in the
6 case of a business entity through its managers, employees, or
7 agents, the ability, experience, or financial responsibility
8 necessary to maintain the activity for which the license was
9 issued;

10 (4) To issue ~~and cause to be served upon any licensee or~~
11 ~~other person~~ an order requiring ~~the~~ a licensee or other person to
12 cease and desist from violations of the Nebraska County and City
13 Lottery Act or any rules or regulations adopted and promulgated
14 pursuant to the act. The order shall give reasonable notice of the
15 rights of the licensee or other person to request a hearing and
16 shall state the reason for the entry of the order. The notice of
17 order shall be mailed to or personally served upon the licensee or
18 other person. If the notice of order is mailed, the date of the
19 United States postmark stamped on the envelope shall be deemed to
20 be the date of service of notice to the licensee or other person.
21 A request for a hearing by the licensee or other person shall be in
22 writing and shall be filed with the department within thirty days
23 after the service of the cease and desist order. If a request for
24 hearing is not filed within the thirty-day period, the cease and
25 desist order shall become permanent at the expiration of such
26 period. A hearing shall be held not later than ~~seven~~ thirty days
27 after the request for the hearing is received by the Tax

1 Commissioner, and within twenty days after the date of the hearing,
2 the Tax Commissioner shall issue an order vacating the cease and
3 desist order or making it permanent as the facts require. All
4 hearings shall be held in accordance with the rules and regulations
5 adopted and promulgated by the department. If the licensee or
6 other person to whom a cease and desist order is issued fails to
7 appear at the hearing after being duly notified, the licensee or
8 other person shall be deemed in default and the proceeding may be
9 determined against the licensee or other person upon consideration
10 of the cease and desist order, the allegations of which may be
11 deemed to be true;

12 (5) To levy an administrative fine on an individual,
13 partnership, limited liability company, corporation, or
14 organization for cause. For purposes of this subdivision, cause
15 shall include instances in which the individual, partnership,
16 limited liability company, corporation, or organization violated
17 the provisions, requirements, conditions, limitations, or duties
18 imposed by the act or any rule or regulation adopted and
19 promulgated pursuant to the act. In determining whether to levy an
20 administrative fine and the amount of the fine if any fine is
21 levied, the department shall take into consideration the
22 seriousness of the violation, the intent of the violator, whether
23 the violator voluntarily reported the violation, whether the
24 violator derived financial gain as a result of the violation and
25 the extent thereof, and whether the violator has had previous
26 violations of the act and regulations. A fine levied on a violator
27 under this section shall not exceed twenty-five thousand dollars

1 for each violation of the act or any rules and regulations adopted
2 and promulgated pursuant to the act plus the financial benefit
3 derived by the violator as a result of each violation. If an
4 administrative fine is levied, the fine shall not be paid from
5 lottery gross proceeds of the county, city, or village and shall be
6 remitted by the violator to the department within thirty days from
7 the date of the order issued by the department levying such fine;

8 (6) To enter or to authorize any law enforcement officer
9 to enter at any time upon any premises where lottery activity
10 required to be licensed under the act is being conducted to
11 determine whether any of the provisions of the act or any rules or
12 regulations adopted and promulgated under it have been or are being
13 violated and at such time to examine such premises;

14 (7) To require periodic reports of lottery activity from
15 licensed counties, cities, villages, manufacturer-distributors, and
16 lottery operators and any other persons, organizations, limited
17 liability companies, or corporations as the department deems
18 necessary to carry out the act;

19 (8) To audit, examine, or cause to have examined, by any
20 agent or representative designated by the department for such
21 purpose, any books, papers, records, or memoranda relating to the
22 conduct of a lottery, to require by administrative order or summons
23 the production of such documents or the attendance of any person
24 having knowledge in the premises, to take testimony under oath, and
25 to require proof material for its information. If any such person
26 willfully refuses to make documents available for examination by
27 the department or its agent or representative or willfully fails to

1 attend and testify, the department may apply to a judge of the
2 district court of the county in which such person resides for an
3 order directing such person to comply with the department's
4 request. If any documents requested by the department are in the
5 custody of a corporation, the court order may be directed to any
6 principal officer of the corporation. If the documents requested
7 by the department are in the custody of a limited liability
8 company, the court order may be directed to any member when
9 management is reserved to the members or otherwise to any manager.
10 Any person who fails or refuses to obey such a court order shall be
11 guilty of contempt of court;

12 (9) Unless specifically provided otherwise, to compute,
13 determine, assess, and collect the amounts required to be paid as
14 taxes imposed by the act in the same manner as provided for sales
15 and use taxes in the Nebraska Revenue Act of 1967;

16 (10) To collect license application and license renewal
17 application fees imposed by the Nebraska County and City Lottery
18 Act and to prorate license fees on an annual basis. The department
19 shall establish by rule and regulation the conditions and
20 circumstances under which such fees may be prorated;

21 (11) To confiscate and seize lottery equipment or
22 supplies pursuant to section 9-649;

23 ~~(11)~~ (12) To investigate the activities of any person
24 applying for a license under the ~~Nebraska County and City Lottery~~
25 ~~Act~~ act or relating to the conduct of any lottery activity under
26 the act. Any license applicant or licensee shall produce such
27 information, documentation, and assurances as may be required by

1 the department to establish by a preponderance of the evidence the
2 financial stability, integrity, and responsibility of the applicant
3 or licensee, including, but not limited to, bank account
4 references, business and personal income and disbursement
5 schedules, tax returns and other reports filed with governmental
6 agencies, business entity and personal accounting records, and
7 check records and ledgers. Any such license applicant or licensee
8 shall authorize the department to examine bank accounts and other
9 such records as may be deemed necessary by the department;

10 ~~(12)~~ (13) To adopt and promulgate such rules and
11 regulations and prescribe all forms as are necessary to carry out
12 the act; and

13 ~~(13)~~ (14) To employ staff, including auditors and
14 inspectors, as necessary to carry out the act.

15 Sec. 52. Section 9-622, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 9-622. (1) Before any application is denied pursuant to
18 section 9-620, the department shall notify the applicant in writing
19 of the department's intention to deny the application and the
20 reasons for the denial. Such notice shall inform the applicant of
21 his or her right to request an administrative hearing for the
22 purpose of reconsideration of the intended denial of the
23 application. The date of the United States postmark stamped on the
24 envelope shall be deemed to be the date of service of notice to the
25 applicant.

26 (2) A request for a hearing by the applicant shall be in
27 writing and shall be filed with the department within thirty days

1 after the service of notice to the applicant of the department's
2 intended denial of the application. If a request for hearing is
3 not filed within the thirty-day period, the application denial
4 shall become final at the expiration of such period.

5 (3) If a request for hearing is filed within the
6 thirty-day period, the Tax Commissioner shall grant the applicant a
7 hearing and shall, at least ten days before the hearing, serve
8 notice upon the applicant by certified mail, return receipt
9 requested, of the time, date, and place of the hearing. Such
10 proceedings shall be considered contested cases pursuant to the
11 Administrative Procedure Act.

12 Sec. 53. Section 9-625, Revised Statutes Supplement,
13 2001, is amended to read:

14 9-625. Any county, city, or village may establish and
15 conduct a lottery if an election is first held pursuant to this
16 section. Only one scheme or type of lottery may be conducted by a
17 county, city, or village at one time. No county, city, or village
18 shall establish and conduct a lottery until such course of action
19 has been approved by a majority of the registered voters of such
20 county, city, or village casting ballots on the issue at a regular
21 election or a special election called by the governing board of the
22 county, city, or village for such purpose. This section shall not
23 be construed to prohibit any county, city, or village from
24 conducting a lottery if such course of action was approved prior to
25 July 17, 1986, by a majority of the registered voters of such
26 county, city, or village casting ballots on the issue.

27 Any lottery established pursuant to this section which is

1 authorized by an election held on or after October 1, 1989,
2 pursuant to this section that is not in operation for any ~~four~~ ten
3 consecutive years shall no longer be authorized under this section.
4 If the voters in a county, city, or village approve a lottery on or
5 after October 1, 1989, pursuant to this section but the lottery
6 does not actually begin operation within ~~four~~ ten years of the date
7 that the results of the election are certified, the lottery shall
8 no longer be authorized under this section. Any lottery no longer
9 authorized under this section because it did not operate within the
10 ~~four-year~~ ten-year period provided in this section may be
11 reauthorized by a majority vote of the registered voters of the
12 county, city, or village casting ballots on the issue at a
13 subsequent election pursuant to this section.

14 Except for any restriction imposed pursuant to section
15 9-643, any county, city, or village may conduct a lottery only
16 within the boundaries of such county, city, or village, or within a
17 licensed racetrack enclosure which abuts the corporate limits
18 thereof or which is within the zoning jurisdiction of a city,
19 except that nothing in this section shall prohibit a county, city,
20 or village from entering into an agreement pursuant to the
21 Interlocal Cooperation Act to conduct a joint lottery with another
22 county, city, or village which has established a lottery in
23 accordance with this section.

24 If any county, city, or village is conducting a lottery
25 at the time it is consolidated into a municipal county and such
26 county, city, or village is abolished as of the date of creation of
27 the municipal county, the municipal county shall be subject to the

1 same rights and obligations with respect to such lottery or
2 lotteries as the counties, cities, and villages which were
3 abolished, including any rights or obligations under lottery
4 contracts of such counties, cities, and villages. Such lottery
5 shall continue to be subject to all other provisions of the
6 Nebraska County and City Lottery Act, except that such lottery
7 shall not be expanded to any new location in any area of the
8 municipal county where such lottery was not previously authorized
9 before the consolidation unless such expansion has been approved by
10 a majority of the registered voters of such municipal county voting
11 at a regular election or a special election called by the governing
12 board of the municipal county for such purpose.

13 Sec. 55. Section 9-631.01, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 9-631.01. (1) No person shall be ~~eligible to perform any~~
16 ~~work directly related to the conduct of a lottery~~ a lottery worker
17 ~~unless he or she has completed, signed, and filed with the~~
18 ~~department and the county, city, or village, if required by the~~
19 ~~county, city, or village, an application prepared by the department~~
20 ~~which includes~~ a lottery worker license application has been filed
21 with the department. The application shall be on a form prescribed
22 by the department and shall include:

23 (a) The name, address, date of birth, and social security
24 number of the applicant;

25 (b) The name and state identification number of the
26 county, city, or village, lottery operator, and sales outlet
27 location or locations for which the ~~person~~ applicant will be

1 performing work;

2 (c) A description of the ~~person's~~ applicant's duties;

3 (d) A statement that the applicant has not been convicted
4 of, forfeited bond upon a charge of, or pleaded guilty or nolo
5 contendere to any felony within ten years preceding the date of the
6 application or any felony or misdemeanor involving fraud, theft, or
7 any gambling activity, willful failure to make required payments or
8 reports, or filing false reports to a governmental agency at any
9 level; and

10 (e) The date of signing and the signature of the ~~person~~
11 applicant, under penalty of perjury, verifying that the information
12 is true and accurate;

13 (f) A statement signed by a governing official of the
14 county, city, or village or the authorized representative
15 signifying that such county, city, or village or authorized
16 representative has examined the completed application and approved
17 the application for submission to the department; and

18 (g) Any other information which the department deems
19 necessary.

20 (2) The applicant shall complete and forward the
21 application to the county, city, or village or authorized
22 representative. Upon receipt of the completed application the
23 governing official of the county, city, or village or the
24 authorized representative shall examine the application and, if the
25 governing official of the county, city, or village or the
26 authorized representative approves the application for submission
27 to the department, shall sign and file the application with the

1 department. If the application is approved by an authorized
2 representative, a copy of the application or the information
3 contained in the application shall be filed with the county, city,
4 or village.

5 (3) ~~The Either~~ the department ~~or~~ and the county, city, or
6 village shall have the right to conduct an investigation concerning
7 the applicant as may be necessary or appropriate to maintain the
8 integrity of the game.

9 ~~(3) For purposes of this section, work directly related~~
10 ~~to the conduct of a lottery shall mean any work involving the~~
11 ~~actual day-to-day conduct of the lottery, including, but not~~
12 ~~limited to, ticket writing, winning number selection, prize payout~~
13 ~~to winners, record keeping, shift checkout and review of keno~~
14 ~~writer banks, and security.~~

15 (4) The information required by this section shall be
16 kept current, and a new application shall be filed with the
17 department if any information on the application is no longer
18 ~~current~~ correct. A county, city, village, or lottery operator
19 shall notify the department if the person to whom the license was
20 originally issued is no longer working for such county, city,
21 village, or lottery operator.

22 (5) Falsification of information on the application by
23 the applicant shall disqualify such applicant from ~~work directly~~
24 ~~related to the conduct of the lottery~~ being a lottery worker in
25 addition to any other penalties which may be imposed under the laws
26 of this state.

27 (6) The applicant shall be granted a probationary license

1 ~~to perform work directly related to the conduct of a lottery as a~~
2 lottery worker which shall be valid for a period of one hundred
3 twenty days after the ~~filing application~~ is received by filed with
4 the department unless such application is denied by the department.
5 An application shall be considered filed with the department upon
6 receipt by the department or as of the date postmarked or
7 transmitted by electronic facsimile to the department if the
8 application is received by the department within ten days after the
9 date postmarked or electronically transmitted. An application
10 postmarked or electronically transmitted but not received by the
11 department after ten days shall not be considered filed. If
12 proceedings to deny the license application pursuant to section
13 9-622 have not been initiated by the department during such
14 probationary period, the applicant shall be granted a regular
15 lottery worker license. ~~to perform work directly related to the~~
16 ~~conduct of a lottery.~~ The license shall be valid to allow such
17 person to perform work for the county, city, village, lottery
18 operator, or sales outlet location or locations unless otherwise
19 suspended, canceled, revoked, or denied by the department or unless
20 the license otherwise becomes invalid upon notification by the
21 county, city, village, or lottery operator that the person to whom
22 the license was originally issued is no longer working for such
23 county, city, village, or lottery operator. The cost of all
24 investigations conducted by the department pursuant to this section
25 shall be borne by the department.

26 (7) An applicant may obtain a license as a lottery worker
27 for more than one county, city, or village conducting a lottery

1 pursuant to the Nebraska County and City Lottery Act if a separate
2 application has been filed for such applicant with respect to each
3 such county, city, or village.

4 (8) A lottery worker license is nontransferable and shall
5 no longer be valid if a person is no longer employed as a lottery
6 worker by the county, city, or village for which the lottery worker
7 license was obtained.

8 (9) A person holding a license as a lottery worker under
9 the Nebraska County and City Lottery Act shall not be connected
10 with or interested in, directly or indirectly, any individual, sole
11 proprietorship, partnership, limited liability company,
12 corporation, or other party licensed as a distributor,
13 manufacturer, or manufacturer-distributor under section 9-255.07,
14 9-255.09, 9-330, 9-332, or 9-632.

15 Sec. 58. Sections 14 and 60 of this act become operative
16 on October 1, 2002. The other sections of this act become
17 operative on their effective date.

18 Sec. 59. Original sections 9-201, 9-204.03, 9-211,
19 9-213, 9-214.01, 9-226.01, 9-231, 9-232.01, 9-241.05, 9-255.02,
20 9-255.04, 9-255.05, 9-255.08, 9-301, 9-304, 9-306.01, 9-309, 9-311,
21 9-322.02, 9-326, 9-331, 9-340.02, 9-347, 9-347.01, 9-349, 9-401,
22 9-410, 9-418.01, 9-423, 9-601, 9-603, 9-606.01, 9-622, 9-631,
23 9-631.01, 9-642.01, and 9-653, Reissue Revised Statutes of
24 Nebraska, sections 9-1,104, 9-226, 9-232.02, 9-255.06, 9-322,
25 9-328, 9-329, 9-418, 9-425, and 9-620, Revised Statutes Supplement,
26 2000, and sections 9-230.01 and 9-625, Revised Statutes Supplement,
27 2001, are repealed.

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1 Sec. 60. Original section 9-233, Revised Statutes
2 Supplement, 2000, is repealed."
3 2. Rename the remaining sections and correct internal
4 references accordingly.