

PREPARED BY: Keisha Patent
 DATE PREPARED: February 05, 2020
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LB 971

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below	See below	See below	See below
CASH FUNDS		See below		See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 971 amends provisions of several acts to expand the definition of lotteries to include reflecting wagers made on the outcome of an authorized sporting event as determined by the Department of Revenue. The bill specifies that such authorized sporting events does not include high school or youth athletic events.

The Department of Revenue estimates the increase in revenue is indeterminable due to the broad language of the bill. We agree that the increase in revenue attributable to the bill is indeterminable.

Tax revenue from the Nebraska Lottery and Raffle Act and the Nebraska County and City Lottery Act are credited to the Charitable Gaming Operations Fund, where 40% of proceeds are retained in the Cash Fund and 60% are credited to the General Fund. Any increase in sales of lottery tickets under the State Lottery Act benefits the Gamblers Assistance Program, the Nebraska State Fair, the Nebraska Environmental Trust, and the several educational programs listed in Neb. Rev. Stat. sec. 9-812.

Similarly, due to the broad language, the department estimates the cost to implement the bill is indeterminable. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 971	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 02/04/2020	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Revenue's assessment of fiscal impact.			

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFA:			
Approved by: Tony Fulton				Date Prepared:			
				Phone: 471-5896			
	FY 2020-2021		FY 2021-2022		FY 2022-2023		
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	
General Funds	See Below	See Below	See Below	See Below	See Below	See Below	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	See Below	See Below	See Below	See Below	See Below	See Below	

LB 971 adds wagers on the outcome of sporting events to the definition of Lottery within the Lottery and Raffle Act, Small Lottery and Raffle Act, and State Lottery Act.

Specifically, the bill adds within the Lottery and Raffle Act that a lottery ticket can reflect wagers made on a sporting event (as determined by the Department of Revenue), and not just sequentially numbered tickets entered in a drawing. It clarifies that while each chance (ticket) in a lottery must have an equal chance of winning, wagers on the outcome on a sporting event do not.

The bill adds to the Small Lottery and Raffle Act, wagers made on the outcome of an authorized sporting event as a third way in which winners in a Lottery are determined; in addition to a random drawing of sequentially numbered tickets and a keno drawing of numbers. It also includes that winning tickets are redeemed for something of value.

The bill includes in the State Lottery Act definition of Lottery, a game in which tickets reflect wagers made on the outcome of an authorized sporting event as determined by the Lottery Division. It also excludes high school or youth athletic events from the definition of a lottery game. The bill also clarifies that while selection of Lottery winners must be based on chance. That is not the case for wagers made on the outcome of an authorized sporting event.

Finally, the bill adds to the State Lottery Act definition of a lottery game, in addition to instant-win games and online lottery games, a lottery game in which tickets are issued reflecting wagers made on the outcome of an authorized sporting event as determined by the Lottery division.

This bill adds sports wagering as a method of conducting a lottery at three different levels (state, city, and organization), each of which function under differing legal structures. There is a 2% tax on the gross proceeds under the Lottery and Raffle Act. There is a 2% tax on the gross proceeds under the Keno Act. There is no tax under the Small Lottery and Raffle Act. There is no tax under the State Lottery Act because beneficiaries receive the profits. Consequently, as currently drafted, the broad language of the bill makes costing and revenue estimates indeterminable.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>20-21</u> <u>FTE</u>	<u>21-22</u> <u>FTE</u>	<u>22-23</u> <u>FTE</u>	<u>20-21</u> <u>Expenditures</u>	<u>21-22</u> <u>Expenditures</u>	<u>22-23</u> <u>Expenditures</u>
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....						