

AMENDMENTS TO LB862

Introduced by General Affairs.

1 1. Insert the following new sections:

2 Section 1. For purposes of sections 1 to 3 of this act:

3 (1) Confidential information means information related to the play
4 of a fantasy contest obtained as a result of or by virtue of a person's
5 employment by a fantasy contest operator;

6 (2) Entry fee means cash or cash equivalent that is required to be
7 paid to a fantasy contest operator by a person who participates as a
8 player in a fantasy contest;

9 (3) Fantasy contest has the same meaning as in section 28-1101; and

10 (4) Fantasy contest operator means a person or an entity that offers
11 fantasy contests for a cash prize to the general public upon the payment
12 of an entry fee.

13 Sec. 2. (1) A fantasy contest operator conducting fantasy contests
14 in Nebraska shall register with the Department of Revenue on forms
15 prescribed and furnished by the department. The registration fee shall be
16 fifty thousand dollars and the annual renewal fee shall be ten thousand
17 dollars, except that the fantasy contest operator's registration fee or
18 annual renewal fee shall not exceed ten percent of the amount of entry
19 fees collected by the fantasy contest operator from the operation of
20 fantasy contests in this state less the amount of cash prizes or cash
21 prize equivalents paid to fantasy contest participants. The department
22 shall require the fantasy contest operator to provide written evidence of
23 the proposed amount of entry fees and cash prizes or cash prize
24 equivalents to be paid to fantasy contest participants during the annual
25 registration period. Prior to renewal, the fantasy contest operator shall
26 provide written evidence to the department of the actual entry fees
27 collected and cash prizes or cash prize equivalents paid to fantasy

1 contest participants during the previous registration period. The fantasy
2 contest operator shall remit to the department any difference in fees
3 that results from the difference between the proposed amount of entry
4 fees and cash prizes or cash prize equivalents paid to fantasy contest
5 participants and the actual amounts collected and paid. The registration
6 shall be valid upon receipt by the department of both a registration or
7 renewal application and payment of the registration or renewal fee.

8 (2) The department shall remit all registration and renewal fees
9 collected under this section to the State Treasurer for credit to the
10 General Fund.

11 Sec. 3. A fantasy contest operator shall implement procedures for
12 fantasy contests that:

13 (1) Prevent an employee of the fantasy contest operator, and any
14 relative living in the same household as such employee, from
15 participating in any fantasy contest offered by the fantasy contest
16 operator;

17 (2) Prevent the sharing of confidential information with third
18 parties that could affect the outcome of any fantasy contest until the
19 information is made publicly available;

20 (3) Prevent the fantasy contest operator, and any relative living in
21 the same household as such fantasy contest operator, from participating
22 in any fantasy contest offered by the fantasy contest operator;

23 (4) Verify that a participant in a fantasy contest is eighteen years
24 of age or older;

25 (5) Ensure that a person who plays or officiates in a game or
26 contest that is the subject of any fantasy contest is restricted from
27 participating in such fantasy contest that is determined, in whole or in
28 part, on the accumulated statistical results of a team of players in a
29 game or contest in which such person is a player or an official;

30 (6) Allow a person to restrict himself or herself from entering a
31 fantasy contest upon request and provide reasonable steps to prevent the

1 person from participating in any fantasy contest offered by the fantasy
2 contest operator;

3 (7) Disclose the number of entries that a participant in a fantasy
4 contest may submit to each fantasy contest and provide reasonable steps
5 to prevent a participant from submitting more than the allowable number;
6 and

7 (8) Segregate fantasy contest funds of participants from operational
8 funds of the fantasy contest operator and maintain a reserve in the form
9 of cash, cash equivalents, an irrevocable letter of credit, a bond, or a
10 combination thereof, in the amount of the deposits made to the accounts
11 of the fantasy contest participants for the benefit and protection of the
12 funds of the participants held in such separate accounts.

13 Sec. 4. A fantasy contest operator offering fantasy contests in
14 Nebraska shall contract with a third party to annually perform an
15 independent audit to ensure compliance with sections 2 and 3 of this act.
16 Such audit shall be consistent with standards adopted by the Department
17 of Revenue similar to those established by the Public Company Accounting
18 Oversight Board. The fantasy contest operator shall submit the results of
19 such audit to the Department of Revenue.

20 Sec. 7. Section 28-1113, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 28-1113 Nothing in this article shall be construed to:

23 (1) Apply to or prohibit wagering on the results of horseraces by
24 the parimutuel or certificate method when conducted by licensees within
25 the racetrack enclosure at licensed horserace meetings; or

26 (2) Prohibit or punish the conducting or participating in any bingo,
27 lottery by the sale of pickle cards, lottery, raffle, ~~or~~ gift enterprise,
28 or fantasy contest when conducted in accordance with the Nebraska Bingo
29 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and
30 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small
31 Lottery and Raffle Act, the State Lottery Act, ~~or~~ section 9-701, or

- 1 subdivision (5) of section 28-1101.
- 2 2. Renumber the remaining sections and correct the repealer
- 3 accordingly.