

AMENDMENTS TO LB970

Introduced by General Affairs.

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

3           Section 1. A participant may use United States currency or any  
4 method of payment representing United States currency in order to  
5 participate in any activity authorized under the Nebraska Bingo Act, the  
6 Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle  
7 Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and  
8 Raffle Act, the State Lottery Act, or section 9-701.

9           Sec. 2. Section 9-329.02, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11           9-329.02 (1) A pickle card operator shall not be eligible to sell  
12 individual pickle cards as opportunities to participate in a lottery by  
13 the sale of pickle cards without first obtaining a license.

14           (2) Any sole proprietorship, partnership, limited liability company,  
15 or corporation wishing to operate as a pickle card operator in this state  
16 shall file an application with the department for a license on a form  
17 prescribed by the department. Each application for a license shall  
18 include (a) the name, address, and state identification number of the  
19 sole proprietorship, partnership, limited liability company, or  
20 corporation applying for the license, (b) a description of the premises  
21 on which the pickle cards will be sold or offered for sale, (c) if the  
22 applicant is an individual, the applicant's social security number, and  
23 (d) such other information which the department deems necessary. The  
24 information required by this subsection shall be kept current. A pickle  
25 card operator shall notify the department within thirty days if any  
26 information in the application is no longer correct and shall supply the  
27 correct information.

1           (3) A biennial fee of one hundred dollars shall be charged for each  
2 license issued pursuant to this section and shall be paid for by the  
3 applicant. A licensed organization shall not pay the required licensing  
4 fees of a pickle card operator as an inducement for the pickle card  
5 operator to sell individual pickle cards on its behalf. Such licenses  
6 shall expire on September 30 of each odd-numbered year or on such other  
7 date as the department may prescribe by rule and regulation and may be  
8 renewed biennially. The department shall remit the proceeds from such  
9 license fees to the State Treasurer for credit to the Charitable Gaming  
10 Operations Fund. An application for license renewal shall be submitted to  
11 the department at least sixty days prior to the expiration date of the  
12 license.

13           (4) One license issued to any sole proprietorship, partnership,  
14 limited liability company, or corporation under this section as a pickle  
15 card operator shall cover the sole proprietorship, partnership, limited  
16 liability company, or corporation and the employees of the licensed  
17 pickle card operator. Any license issued pursuant to this section shall  
18 be valid only for the sole proprietorship, partnership, limited liability  
19 company, or corporation in the name of which it was issued and shall  
20 allow the sale of individual pickle cards only on the premises described  
21 in the pickle card operator's application for a license. A pickle card  
22 operator's license may not be transferred under any circumstances  
23 including change of ownership.

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

26           (6) A licensed pickle card operator shall not sell individual pickle  
27 cards on behalf of a licensed organization until an authorization has  
28 been obtained from the department by the licensed organization. The  
29 licensed organization shall file an application with the department for  
30 such authorization on a form prescribed by the department. Each  
31 application for an authorization shall include (a) the name, address, and

1 state identification number of the licensed pickle card operator and (b)  
2 such other information which the department deems necessary. The  
3 application shall include a statement signed by a person licensed as a  
4 utilization-of-funds member signifying that such licensed organization  
5 approves the pickle card operator to sell individual pickle cards on  
6 behalf of such organization.

7 (7) A pickle card operator may sell individual pickle cards on  
8 behalf of more than one licensed organization. Each licensed organization  
9 for which the pickle card operator desires to sell individual pickle  
10 cards shall obtain the authorization described in subsection (6) of this  
11 section.

12 ~~(8) A pickle card operator who sells individual pickle cards through~~  
13 ~~a coin-operated or currency-operated dispensing device shall purchase,~~  
14 ~~lease, or rent its own equipment. If such equipment is obtained from a~~  
15 ~~licensed organization or distributor, it shall be purchased, leased, or~~  
16 ~~rented at a rate not less than fair market value. A licensed organization~~  
17 ~~or distributor shall not provide such equipment to a pickle card operator~~  
18 ~~free of charge or at a rate less than fair market value as an inducement~~  
19 ~~for the pickle card operator to sell a licensed organization's individual~~  
20 ~~pickle cards. The department may require a licensed organization,~~  
21 ~~distributor, or pickle card operator to provide such documentation as the~~  
22 ~~department deems necessary to verify that a pickle card operator has~~  
23 ~~purchased, leased, or rented the equipment for a rate not less than fair~~  
24 ~~market value.~~

25 (8 9) No pickle card operator shall generate revenue from the sale  
26 of individual pickle cards which exceeds the revenue generated from other  
27 retail sales on an annual basis. For purposes of this subsection, retail  
28 sales shall not include revenue generated from other charitable gaming  
29 activities authorized by Chapter 9.

30 Sec. 3. Section 9-340, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1           9-340 (1) No manufacturer shall sell or otherwise provide any pickle  
2 cards or pickle card units to any person in Nebraska except a licensed  
3 distributor or a federally recognized Indian tribe for use in a Class II  
4 gaming activity authorized by the federal Indian Gaming Regulatory Act.  
5 No distributor licensed in Nebraska shall purchase or otherwise obtain  
6 any pickle cards or pickle card units except from manufacturers licensed  
7 in Nebraska.

8           (2) No distributor shall sell or otherwise provide any pickle card  
9 units except to an organization licensed to conduct a lottery by the sale  
10 of pickle cards pursuant to the Nebraska Pickle Card Lottery Act or to a  
11 federally recognized Indian tribe for use in a Class II gaming activity  
12 authorized by the federal Indian Gaming Regulatory Act. No pickle cards  
13 shall be sold by a distributor except in the form of pickle card units.  
14 No distributor shall market or sell any pickle card unit for use in this  
15 state:

16           (a) Which has not been approved and authorized by the department;

17           (b) Which has a card or play count in excess of six thousand per  
18 pickle card unit;

19           (c) Which offers less than sixty-five percent or more than eighty-  
20 five ~~eighty~~ percent of the gross proceeds to be paid out in prizes;

21           (d) Which contains any pickle card or punch on a punchboard, the  
22 individual purchase price of which exceeds one dollar;

23           (e) In which any individual pickle card awards a prize or prizes in  
24 excess of one thousand dollars;

25           (f) Which may be used for any gift enterprise as defined in section  
26 9-701;

27           (g) Unless and until a stamp obtained from the department containing  
28 an identifying number has been permanently and conspicuously affixed upon  
29 the flare card supplied by the manufacturer for identification purposes.  
30 Once placed, such stamp shall not be removed or tampered with by any  
31 person. The state identification stamp shall be placed on each punchboard

1 such that the complete number, together with the symbol appearing  
2 thereon, is plainly visible. State identification stamps shall be  
3 obtained only from the department and only by a licensed distributor for  
4 ten cents each. Such stamps shall be placed by the licensed distributor  
5 only on items sold or furnished to licensed organizations in this state.  
6 Such stamps shall not be transferred or furnished to any other person  
7 unless already placed upon a punchboard or pickle card unit; or

8 (h) Without the information required in section 9-346.

9 (3) The department may require a manufacturer seeking approval of  
10 any pickle card unit to pay the actual costs incurred by the department  
11 in examining the unit. If required, the anticipated costs shall be paid  
12 in advance by the manufacturer. After completion of the examination, the  
13 department shall refund overpayments or charge and collect amounts  
14 sufficient to reimburse the department for underpayment of actual costs.

15 Sec. 4. Section 9-340.02, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 9-340.02 (1) All pickle card units purchased by a licensed  
18 organization from a licensed distributor shall be paid for by a check  
19 drawn on the pickle card bank account of the licensed organization within  
20 thirty days after the ~~either in advance of or upon~~ delivery of the pickle  
21 card units.

22 (2) A licensed pickle card operator shall remit the definite profit,  
23 less not more than thirty-five ~~thirty~~ percent of the definite profit as  
24 allowed by subsection (4) of section 9-347, of all pickle card units  
25 received to the sponsoring licensed organization by check within thirty  
26 days after the ~~either in advance of or upon~~ delivery of the pickle card  
27 units from the sales agent to the pickle card operator. Upon delivery of  
28 the pickle card units, the sales agent shall issue the pickle card  
29 operator a standard receipt prescribed by the department.

30 (3) Unless otherwise authorized by the department, pickle card units  
31 shall be delivered to a pickle card operator only by a sales agent's

1 personal delivery or by delivery arranged by a sales agent through the  
2 mail or by a common carrier.

3 ~~(4) No licensed organization conducting a lottery by the sale of~~  
4 ~~pickle cards shall extend credit in any form, including, but not limited~~  
5 ~~to, the extension of any credit with regard to the receipt of the~~  
6 ~~definite profit, less not more than thirty percent of the definite profit~~  
7 ~~as allowed by subsection (4) of section 9-347, of a pickle card unit from~~  
8 ~~a pickle card operator upon delivery of a pickle card unit to the pickle~~  
9 ~~card operator and the extension of any credit with regard to the sale or~~  
10 ~~lease of any equipment or coin-operated or currency-operated pickle card~~  
11 ~~dispensing device used in connection with a lottery by the sale of pickle~~  
12 ~~cards.~~

13 (4 5) All payments for the purchase, lease, or rental of a coin-  
14 operated or currency-operated pickle card dispensing device by a licensed  
15 organization shall be made by a check drawn on the organization's pickle  
16 card checking account.

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

25 ~~(7) All lease or rental agreements between a licensed organization~~  
26 ~~and a licensed pickle card operator for coin-operated or currency-~~  
27 ~~operated pickle card dispensing devices shall be subject to approval by~~  
28 ~~the department.~~

29 Sec. 5. Section 9-344, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 9-344 (1) Accompanying the monthly reports required in section

1 9-343, the distributor shall remit to the department a tax equal to five  
2 ~~ten~~ percent of the definite profit of each pickle card unit sold by the  
3 distributor. Such tax shall be remitted with and reported on a form  
4 prescribed by the department on a monthly basis and shall be due and  
5 payable within thirty days after each monthly period or by the last day  
6 of the month following each monthly period, whichever comes first. The  
7 department shall remit the tax to the State Treasurer for credit to the  
8 Charitable Gaming Operations Fund. The distributor shall include the tax  
9 due under this section in the selling price of units and shall separately  
10 state such tax on the invoice. All deficiencies of the tax prescribed in  
11 this section shall accrue interest and be subject to a penalty as  
12 provided for sales and use taxes in the Nebraska Revenue Act of 1967.

13 (2) Unless otherwise provided in the Nebraska Pickle Card Lottery  
14 Act, no occupation tax on any proceeds derived from the conduct of a  
15 lottery by the sale of pickle cards shall be levied, assessed, or  
16 collected from any licensee under the act by any county, township,  
17 district, city, village, or other governmental subdivision or body having  
18 power to levy, assess, or collect such tax.

19 (3) For purposes of proper administration of the tax imposed by this  
20 section and to prevent evasion of the tax, it shall be presumed that each  
21 pickle card unit sold by a distributor or obtained from a manufacturer  
22 and not accounted for by a distributor is subject to the tax until the  
23 contrary is established. The burden of proving the contrary shall be upon  
24 the distributor.

25 Sec. 6. Section 9-345.03, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 9-345.03 (1) Any person who places a coin-operated or currency-  
28 operated pickle card dispensing device in operation in this state without  
29 a current registration decal affixed permanently and conspicuously to the  
30 device shall be subject to an administrative penalty of thirty dollars  
31 for each violation. The department shall remit the proceeds from such

1 penalties to the State Treasurer for credit to the Charitable Gaming  
2 Operations Fund.

3 (2) Registration of the device with the department shall be made by  
4 application to the department and shall be the responsibility of the  
5 licensed organization ~~when such device is to be used in a licensed~~  
6 ~~organization's designated premises or at the location of its regularly~~  
7 ~~scheduled bingo occasion or of the licensed pickle card operator when~~  
8 ~~such device is to be used on the premises of the pickle card operator.~~

9 (3) Each application for registration shall include (a) the name and  
10 address of the ~~licensed pickle card operator or~~ licensed organization  
11 registering the device, (b) the state identification number of the  
12 ~~licensed pickle card operator or~~ licensed organization registering the  
13 device, (c) a detailed description of the physical appearance and  
14 operation of the device, and (d) such other information which the  
15 department deems necessary.

16 (4) A fee of fifty dollars shall be charged for each decal issued  
17 pursuant to this section. The department shall remit the proceeds from  
18 the fee to the State Treasurer for credit to the Charitable Gaming  
19 Operations Fund. All decals issued by the department pursuant to this  
20 section shall expire on December 31 of each year or such other date as  
21 the department may prescribe by rule and regulation and shall be renewed  
22 annually.

23 (5) The registration decal issued by the department pursuant to this  
24 section shall not be transferable.

25 (6) Upon request by the Tax Commissioner or his or her agents or  
26 employees, the licensed organization or pickle card operator ~~responsible~~  
27 ~~for registering the device~~ shall provide the requesting individual  
28 immediate access to any pickle cards contained within such device.

29 (7) Any person violating any provision of this section shall be  
30 deemed guilty of a Class II misdemeanor. Each day on which any person  
31 engages in or conducts the business of operating any device subject to

1 this section without having paid the penalty or the registration as  
2 provided constitutes a separate offense.

3 Sec. 7. Section 9-347, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 9-347 (1) The gross proceeds of any lottery by the sale of pickle  
6 cards shall be used solely for lawful purposes, awarding of prizes,  
7 payment of the unit cost, any commission paid to a pickle card operator,  
8 allowable expenses, and allocations for bingo expenses as provided by  
9 subsection (5) of this section.

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

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

30 (4) Not more than thirty-five ~~thirty~~ percent of the definite profit  
31 of a pickle card unit shall be used by a licensed organization to pay a

1 pickle card operator a commission, fee, or salary for selling individual  
2 pickle cards as opportunities for participation in a lottery by the sale  
3 of pickle cards on behalf of the licensed organization.

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

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

3           9-347.01 (1) For each type of pickle card unit marketed in this  
4 state, the department shall determine the following: (a) When a licensed  
5 organization sells pickle cards through pickle card operators, the  
6 portion of the definite profit from that pickle card unit which shall go  
7 to the licensed organization, such amount to be not less than sixty-five  
8 ~~seventy~~ percent of the definite profit from such pickle card unit; (b)  
9 the maximum amount of the definite profit from the sale of a pickle card  
10 unit that a licensed organization may pay a pickle card operator as a  
11 commission, fee, or salary to sell its pickle cards, such amount not to  
12 exceed thirty-five ~~thirty~~ percent of the definite profit from such pickle  
13 card unit; (c) the portion of the definite profit from the sale of a  
14 pickle card unit which may be expended by a licensed organization for  
15 allowable expenses, such amount not to exceed twelve percent of the  
16 definite profit from such pickle card unit; and (d) the portion of the  
17 definite profit from the sale of a pickle card unit which may be utilized  
18 by a licensed organization for payment of the organization's sales agent,  
19 such amount to be a portion of the allowable expenses and not to exceed  
20 six percent of the definite profit from such pickle card unit.

21           (2) The licensed organization's net profit from the sale of a pickle  
22 card unit shall be used exclusively for a lawful purpose. A licensed  
23 organization shall not donate or promise to donate its net profit or any  
24 portion of the net profit to a recipient outside of its organization as  
25 an inducement for or in exchange for (a) a payment, gift, or other thing  
26 of value from the recipient to any person, organization, or corporation,  
27 including, but not limited to, the licensed organization or any of its  
28 members, employees, or agents, or (b) a pickle card operator's agreement  
29 to sell pickle cards on behalf of the licensed organization.

30           Sec. 9. Section 9-348, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1           9-348 (1) The definite profit, less not more than thirty-five ~~thirty~~  
2 percent of the definite profit as allowed by subsection (4) of section  
3 9-347, of any lottery by the sale of pickle cards and all amounts  
4 received by any licensed organization from the sale, lease, or rental of  
5 coin-operated or currency-operated pickle card dispensing devices shall  
6 be segregated from other revenue of any licensed organization conducting  
7 the lottery and placed in a separate checking account. All lawful purpose  
8 donations and expenses relating to the licensed organization's lottery by  
9 the sale of pickle cards, including the allowable expenses, any license  
10 fees paid to the department to license the organization, each  
11 utilization-of-funds member, and any sales agent, coin-operated or  
12 currency-operated pickle card dispensing device registration fees, and  
13 the unit cost but excluding the payment of prizes for winning pickle  
14 cards, shall be paid by check from such account and shall be made payable  
15 to the ultimate use of such lawful purpose donations or expenses.

16           (2) Separate records shall be maintained by any licensed  
17 organization conducting a lottery by the sale of pickle cards. Each  
18 nonprofit organization conducting a lottery by the sale of pickle cards  
19 shall keep a record of all locations or persons who are paid to sell  
20 pickle cards. Records and lists required by the Nebraska Pickle Card  
21 Lottery Act shall be preserved for at least three years. Any law  
22 enforcement agency or other agency of government shall have the authority  
23 to investigate the records relating to lotteries by the sale of pickle  
24 cards and gross proceeds from such lotteries at any time. Organizations  
25 shall, upon proper written request, deliver all such records to the  
26 department, law enforcement agency, or other agency of government for  
27 investigation.

28           Sec. 10. Section 9-401, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30           9-401 Sections 9-401 to 9-437 and section 13 of this act shall be  
31 known and may be cited as the Nebraska Lottery and Raffle Act.

1           Sec. 11. Section 9-411, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           9-411 (1) Lottery shall mean a gambling scheme in which (a)  
4 participants pay or agree to pay something of value for an opportunity to  
5 win, (b) winning opportunities are represented by tickets differentiated  
6 by sequential enumeration, and (c) winners are determined by a random  
7 drawing of the tickets or by the method set forth in section 9-426.01 or  
8 section 13 of this act.

9           (2) Lottery shall not include (a) any raffle as defined in section  
10 9-415, (b) any gambling scheme which uses any mechanical, computer,  
11 electronic, or video gaming device which has the capability of awarding  
12 something of value, free games redeemable for something of value, or  
13 tickets or stubs redeemable for something of value, (c) any activity  
14 which is authorized or regulated under the Nebraska Bingo Act, the  
15 Nebraska County and City Lottery Act, the Nebraska Pickle Card Lottery  
16 Act, the Nebraska Small Lottery and Raffle Act, the State Lottery Act,  
17 section 9-701, or Chapter 2, article 12, or (d) any activity which is  
18 prohibited under Chapter 28, article 11.

19           Sec. 12. Section 9-415, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21           9-415 (1) Raffle shall mean a gambling scheme in which (a)  
22 participants pay or agree to pay something of value for an opportunity to  
23 win, (b) winning opportunities are represented by tickets differentiated  
24 by sequential enumeration, (c) winners are determined by a random drawing  
25 of the tickets or by the method set forth in section 9-426.01 or section  
26 13 of this act, and (d) at least eighty percent of all of the prizes to  
27 be awarded are merchandise prizes which are not directly or indirectly  
28 redeemable for cash by the licensed organization conducting the raffle or  
29 any agent of the organization.

30           (2) Raffle shall not include (a) any gambling scheme which uses any  
31 mechanical, computer, electronic, or video gaming device which has the

1 capability of awarding something of value, free games redeemable for  
2 something of value, or tickets or stubs redeemable for something of  
3 value, (b) any activity which is authorized or regulated under the  
4 Nebraska Bingo Act, the Nebraska County and City Lottery Act, the  
5 Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle  
6 Act, the State Lottery Act, section 9-701, or Chapter 2, article 12, or  
7 (c) activity which is prohibited under Chapter 28, article 11.

8       Sec. 13. (1) A licensed organization may conduct a lottery or  
9 raffle in which the winners are to be determined based on the timing of a  
10 naturally occurring weather event. The possible timing of the naturally  
11 occurring weather event shall be indicated on tickets which are sold to  
12 participants in the lottery or raffle. A licensed organization utilizing  
13 this method of winner determination shall comply with all other  
14 requirements of the Nebraska Lottery and Raffle Act and any rules and  
15 regulations adopted and promulgated pursuant to the act.

16       (2) The department may adopt and promulgate rules and regulations  
17 for the conduct of a lottery or raffle utilizing the method of winner  
18 determination provided by this section.

19       Sec. 14. Section 9-501, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21       9-501 Sections 9-501 to 9-513 and section 17 of this act shall be  
22 known and may be cited as the Nebraska Small Lottery and Raffle Act.

23       Sec. 15. Section 9-507, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25       9-507 (1) Lottery shall mean a gambling scheme in which (a)  
26 participants pay or agree to pay something of value for an opportunity to  
27 win, (b) winning opportunities are represented by tickets differentiated  
28 by sequential enumeration, (c) the winners are to be determined by a  
29 random drawing of the tickets or by the method set forth in section  
30 9-511.01 or section 17 of this act, and (d) the holders of the winning  
31 tickets are to receive something of value.

1           (2) Lottery shall not include (a) any raffle, (b) any gambling  
2 scheme which uses any mechanical, computer, electronic, or video gaming  
3 device which has the capability of awarding something of value, free  
4 games redeemable for something of value, or tickets or stubs redeemable  
5 for something of value, (c) any activity authorized or regulated under  
6 the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the  
7 Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act,  
8 the State Lottery Act, section 9-701, or Chapter 2, article 12, or (d)  
9 any activity prohibited under Chapter 28, article 11.

10           Sec. 16. Section 9-509, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12           9-509 (1) Raffle shall mean a gambling scheme in which (a)  
13 participants pay or agree to pay something of value for an opportunity to  
14 win, (b) winning opportunities are represented by tickets differentiated  
15 by sequential enumeration, (c) winners are to be determined by a random  
16 drawing of tickets or by the method set forth in section 9-511.01 or  
17 section 17 of this act, and (d) at least eighty percent of all of the  
18 prizes to be awarded are merchandise prizes which are not directly or  
19 indirectly redeemable for cash by the qualifying nonprofit organization  
20 conducting the raffle or any agent of the organization.

21           (2) Raffle shall not include (a) any gambling scheme which uses any  
22 mechanical, computer, electronic, or video gaming device which has the  
23 capability of awarding something of value, free games redeemable for  
24 something of value, or tickets or stubs redeemable for something of  
25 value, (b) any activity authorized or regulated under the Nebraska Bingo  
26 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and  
27 Raffle Act, the Nebraska Pickle Card Lottery Act, the State Lottery Act,  
28 section 9-701, or Chapter 2, article 12, or (c) any activity prohibited  
29 under Chapter 28, article 11.

30           Sec. 17. (1) A qualifying nonprofit organization may conduct a  
31 lottery or raffle in which the winners are to be determined based on the

1 timing of a naturally occurring weather event. The possible timing of the  
2 naturally occurring weather event shall be indicated on tickets which are  
3 sold to participants in the lottery or raffle. A qualifying nonprofit  
4 organization utilizing this method of winner determination shall comply  
5 with all other requirements of the Nebraska Small Lottery and Raffle Act  
6 and any rules and regulations adopted and promulgated pursuant to the  
7 act.

8 (2) The Department of Revenue may adopt and promulgate rules and  
9 regulations for the conduct of a lottery or raffle utilizing the method  
10 of winner determination provided by this section.

11 Sec. 18. Section 9-601, Revised Statutes Cumulative Supplement,  
12 2014, is amended to read:

13 9-601 Sections 9-601 to 9-653 and section 20 of this act shall be  
14 known and may be cited as the Nebraska County and City Lottery Act.

15 Sec. 19. Section 9-607, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 9-607 (1) Lottery shall mean a gambling scheme in which:

18 (a) The players pay or agree to pay something of value for an  
19 opportunity to win;

20 (b) Winning opportunities are represented by tickets;

21 (c) Winners are solely determined by one of the following three ~~two~~  
22 methods:

23 (i) By a random drawing of tickets differentiated by sequential  
24 enumeration from a receptacle by hand whereby each ticket has an equal  
25 chance of being chosen in the drawing; ~~or~~

26 (ii) By use of a game known as keno in which (A) a player selects up  
27 to twenty numbers from a total of eighty numbers on a paper ticket or,  
28 beginning January 1, 2017, an electronic ticket, (B) ~~and~~ a computer,  
29 other electronic selection device, or electrically operated blower  
30 machine, which is not player-activated, randomly selects up to twenty  
31 numbers from the same pool of eighty numbers, and (C) the winning players

1 are determined by the correct matching of the numbers on the paper ticket  
2 or, beginning January 1, 2017, an electronic ticket selected by the  
3 players with the numbers randomly selected by the computer, other  
4 electronic selection device, or electrically operated blower machine,  
5 except that (i) ~~(A)~~ no keno game shall permit or require player  
6 activation of lottery equipment, (ii) beginning January 1, 2017, each  
7 player shall be allowed to use a paper ticket for selection of numbers  
8 upon request by the player, and (iii) ~~and (B)~~ the random selection of  
9 numbers by the computer, other electronic selection device, or  
10 electrically operated blower machine shall not occur within five minutes  
11 of the completion of the previous selection of random numbers; ~~or and~~  
12 (iii) By the timing of a naturally occurring weather event which  
13 determines the winner from tickets differentiated by participants  
14 selecting the time of the naturally occurring weather event; and

15 (d) The holders of the winning paper or electronic tickets are to  
16 receive cash or prizes redeemable for cash. Selection of a winner or  
17 winners shall be predicated solely on chance.

18 (2) Lottery shall not include:

19 (a) Any gambling scheme which uses any mechanical gaming device,  
20 computer gaming device, electronic gaming device, or video gaming device  
21 which has the capability of awarding something of value, free games  
22 redeemable for something of value, or tickets or stubs redeemable for  
23 something of value;

24 (b) Any activity authorized or regulated under the Nebraska Bingo  
25 Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card  
26 Lottery Act, the Nebraska Small Lottery and Raffle Act, the State Lottery  
27 Act, section 9-701, or Chapter 2, article 12; or

28 (c) Any activity prohibited under Chapter 28, article 11.

29 (3) Notwithstanding the requirement in subdivision (1)(c)(ii) of  
30 this section that a player select up to twenty numbers, a player may  
31 select more than twenty numbers on a paper ticket when a top or bottom,

1 left or right, edge, or way ticket is played. For a top or bottom ticket,  
2 the player shall select all numbers from one through forty or all numbers  
3 from forty-one through eighty. For a left or right ticket, the player  
4 shall select all numbers ending in one through five or all numbers ending  
5 in six through zero. For an edge ticket, the player shall select all of  
6 the numbers comprising the outside edge of the ticket. For a way ticket,  
7 the player shall select a combination of groups of numbers in multiple  
8 ways on a single ticket.

9 (4) A county, city, or village conducting a keno lottery shall  
10 designate the method of winning number selection to be used in the  
11 lottery and submit such designation in writing to the department prior to  
12 conducting a keno lottery. Only those methods of winning number selection  
13 described in subdivision (1)(c)(ii) of this section shall be permitted,  
14 and the method of winning number selection initially utilized may only be  
15 changed once during that business day as set forth in the designation. A  
16 county, city, or village shall not change the method or methods of  
17 winning number selection filed with the department or allow it to be  
18 changed once such initial designation has been made unless (a) otherwise  
19 authorized in writing by the department based upon a written request from  
20 the county, city, or village or (b) an emergency arises in which case a  
21 ball draw method of number selection would be switched to a number  
22 selection by a random number generator. An emergency situation shall be  
23 reported by the county, city, or village to the department within twenty-  
24 four hours of its occurrence.

25 Sec. 20. Beginning January 1, 2017, a lottery operator operating a  
26 keno lottery which uses electronic tickets shall take reasonable measures  
27 to prevent participation in the keno lottery by a person outside the  
28 licensed premises. Such reasonable measures may include geofencing that  
29 blocks access to participation outside of the licensed premises.

30 Sec. 21. Section 9-646.01, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1           9-646.01 No person or licensee, or any employee or agent thereof,  
2 accepting wagers on a lottery conducted pursuant to the Nebraska County  
3 and City Lottery Act shall extend credit from the gross proceeds of a  
4 lottery to participants in the lottery for the purchase of lottery  
5 tickets. No person shall purchase or be allowed to purchase any lottery  
6 ticket or make or be allowed to make any wager pursuant to the act unless  
7 he or she pays for such ticket or wager with a mode of payment authorized  
8 under section 1 of this act cash. For purposes of this section, cash  
9 shall mean United States currency having the same face value as the price  
10 of the ticket or wager.

11           Sec. 22. Section 9-829, Reissue Revised Statutes of Nebraska, is  
12 amended to read:

13           9-829 A lottery game retailer shall sell tickets only on the  
14 premises stated in the contract. No ticket shall be sold over a telephone  
15 or through the mail. No credit shall be extended by the lottery game  
16 retailer for the purchase of a ticket except as authorized under section  
17 1 of this act. No lottery tickets shall be sold through a vending or  
18 dispensing device.

19           Sec. 23. For purposes of sections 23 to 26 of this act:

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

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

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

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

30           Sec. 24. (1) A fantasy contest operator conducting fantasy contests  
31 in Nebraska shall register with the Department of Revenue on forms

1 prescribed and furnished by the department. The registration fee shall be  
2 fifty thousand dollars and the annual renewal fee shall be ten thousand  
3 dollars, except that the fantasy contest operator's registration fee or  
4 annual renewal fee shall not exceed ten percent of the amount of entry  
5 fees collected by the fantasy contest operator from the operation of  
6 fantasy contests in this state less the amount of cash prizes or cash  
7 prize equivalents paid to fantasy contest participants. The department  
8 shall require the fantasy contest operator to provide written evidence of  
9 the proposed amount of entry fees and cash prizes or cash prize  
10 equivalents to be paid to fantasy contest participants during the annual  
11 registration period. Prior to renewal, the fantasy contest operator shall  
12 provide written evidence to the department of the actual entry fees  
13 collected and cash prizes or cash prize equivalents paid to fantasy  
14 contest participants during the previous registration period. The fantasy  
15 contest operator shall remit to the department any difference in fees  
16 that results from the difference between the proposed amount of entry  
17 fees and cash prizes or cash prize equivalents paid to fantasy contest  
18 participants and the actual amounts collected and paid. The registration  
19 shall be valid upon receipt by the department of both a registration or  
20 renewal application and payment of the registration or renewal fee.

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

24 Sec. 25. A fantasy contest operator shall implement procedures for  
25 fantasy contests that:

26 (1) Prevent an employee of the fantasy contest operator, and any  
27 relative living in the same household as such employee, from  
28 participating in any fantasy contest offered by the fantasy contest  
29 operator;

30 (2) Prevent the sharing of confidential information with third  
31 parties that could affect the outcome of any fantasy contest until the

1 information is made publicly available;

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

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

7 (5) Ensure that a person who plays or officiates in a game or  
8 contest that is the subject of any fantasy contest is restricted from  
9 participating in such fantasy contest that is determined, in whole or in  
10 part, on the accumulated statistical results of a team of players in a  
11 game or contest in which such person is a player or an official;

12 (6) Allow a person to restrict himself or herself from entering a  
13 fantasy contest upon request and provide reasonable steps to prevent the  
14 person from participating in any fantasy contest offered by the fantasy  
15 contest operator;

16 (7) Disclose the number of entries that a participant in a fantasy  
17 contest may submit to each fantasy contest and provide reasonable steps  
18 to prevent a participant from submitting more than the allowable number;  
19 and

20 (8) Segregate fantasy contest funds of participants from operational  
21 funds of the fantasy contest operator and maintain a reserve in the form  
22 of cash, cash equivalents, an irrevocable letter of credit, a bond, or a  
23 combination thereof, in the amount of the deposits made to the accounts  
24 of the fantasy contest participants for the benefit and protection of the  
25 funds of the participants held in such separate accounts.

26 Sec. 26. A fantasy contest operator offering fantasy contests in  
27 Nebraska shall contract with a third party to annually perform an  
28 independent audit to ensure compliance with sections 24 and 25 of this  
29 act. Such audit shall be consistent with standards adopted by the  
30 Department of Revenue similar to those established by the Public Company  
31 Accounting Oversight Board. The fantasy contest operator shall submit the

1 results of such audit to the Department of Revenue.

2       Sec. 27. Section 28-1101, Reissue Revised Statutes of Nebraska, is  
3 amended to read:

4       28-1101 As used in this article, unless the context otherwise  
5 requires:

6       (1) A person advances gambling activity if, acting other than as a  
7 player, he or she engages in conduct that materially aids any form of  
8 gambling activity. Conduct of this nature includes, but shall not be  
9 limited to, conduct directed toward (a) the creation or establishment of  
10 the particular game, contest, scheme, device, or activity involved, (b)  
11 the acquisition or maintenance of premises, paraphernalia, equipment, or  
12 apparatus therefor, or (c) engaging in the procurement, sale, or offering  
13 for sale within this state of any chance, share, or interest in a lottery  
14 of another state or government whether or not such chance, share, or  
15 interest is an actual lottery ticket, receipt, contingent promise to pay,  
16 order to purchase, or other record of such interest except as provided in  
17 the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle  
18 Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and  
19 Raffle Act, the State Lottery Act, or section 9-701. Conducting or  
20 participating in a fantasy contest does not constitute advancing gambling  
21 activity;

22       (2) Bookmaking shall mean advancing gambling activity by unlawfully  
23 accepting bets from members of the public as a business upon the outcome  
24 of future contingent events;

25       (3) A person profits from gambling activity if, other than as a  
26 player, he or she accepts or receives money or other property pursuant to  
27 an agreement or understanding with any person whereby he or she  
28 participates or is to participate in the proceeds of gambling activity;

29       (4) A person engages in gambling if he or she bets something of  
30 value upon the outcome of a future event, which outcome is determined by  
31 an element of chance, or upon the outcome of a game, contest, or

1 election, or conducts or participates in any bingo, lottery by the sale  
2 of pickle cards, lottery, raffle, gift enterprise, or other scheme not  
3 authorized or conducted in accordance with the Nebraska Bingo Act, the  
4 Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle  
5 Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and  
6 Raffle Act, the State Lottery Act, or section 9-701, but a person does  
7 not engage in gambling by:

8 (a) Entering into a lawful business transaction;

9 (b) Playing an amusement device or a coin-operated mechanical game  
10 which confers as a prize an immediate, unrecorded right of replay not  
11 exchangeable for something of value;

12 (c) Conducting or participating in a prize contest;~~or~~

13 (d) Conducting or participating in a fantasy contest; or

14 (e) Conducting or participating in any bingo, lottery by the sale  
15 of pickle cards, lottery, raffle, or gift enterprise conducted in  
16 accordance with the Nebraska Bingo Act, the Nebraska County and City  
17 Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle  
18 Card Lottery Act, the Nebraska Small Lottery and Raffle Act, the State  
19 Lottery Act, or section 9-701;

20 (5) Fantasy contest means any fantasy or simulated game or contest  
21 in which:

22 (a) Winning participants are eligible to receive cash or any other  
23 item of value;

24 (b) The value of all prizes and awards offered are established and  
25 publicized to the participants prior to the game or contest;

26 (c) All winning outcomes reflect the relative knowledge and skill of  
27 the participants and are determined predominantly by accumulated  
28 statistical results of the performance of individuals, including athletes  
29 in the case of sports events; and

30 (d) No winning outcome is based on the score, the point spread, or  
31 any performance or performances of any single actual team or combination

1 of such teams or based solely on any single performance of an individual  
2 athlete or player in any single actual event;

3 (6 5) Gambling device shall mean any device, machine, paraphernalia,  
4 writing, paper, instrument, article, or equipment that is used or usable  
5 for engaging in gambling, whether that activity consists of gambling  
6 between persons or gambling by a person involving the playing of a  
7 machine. Gambling device shall also include any mechanical gaming device,  
8 computer gaming device, electronic gaming device, or video gaming device  
9 which has the capability of awarding something of value, free games  
10 redeemable for something of value, instant-win tickets which also provide  
11 the possibility of participating in a subsequent drawing or event, or  
12 tickets or stubs redeemable for something of value, except as authorized  
13 in the furtherance of parimutuel wagering. Supplies, equipment, cards,  
14 tickets, stubs, and other items used in any bingo, lottery by the sale of  
15 pickle cards, other lottery, raffle, or gift enterprise conducted in  
16 accordance with the Nebraska Bingo Act, the Nebraska County and City  
17 Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle  
18 Card Lottery Act, the Nebraska Small Lottery and Raffle Act, the State  
19 Lottery Act, or section 9-701 or used in any fantasy contest are not  
20 gambling devices within this definition;

21 (7 6) Something of value shall mean any money or property, any  
22 token, object, or article exchangeable for money or property, or any form  
23 of credit or promise directly or indirectly contemplating transfer of  
24 money or property or of any interest therein, or involving extension of a  
25 service or entertainment; and

26 (8 7) Prize contest shall mean any competition in which one or more  
27 competitors are awarded something of value as a consequence of winning or  
28 achieving a certain result in the competition and (a) the value of such  
29 awards made to competitors participating in the contest does not depend  
30 upon the number of participants in the contest or upon the amount of  
31 consideration, if any, paid for the opportunity to participate in the

1 contest or upon chance and (b) the value or identity of such awards to be  
2 made to competitors is published before the competition begins.

3 Sec. 28. Section 28-1105, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 28-1105 (1) A person commits the offense of possession of gambling  
6 records if, other than as a player, he or she knowingly possesses any  
7 writing, paper, instrument, or article which is:

8 (a) Of a kind commonly used in the operation or promotion of a  
9 bookmaking scheme or enterprise and such writing, paper, instrument, or  
10 article has been used for the purpose of recording, memorializing, or  
11 registering any bet, wager, or other gambling information; or

12 (b) Of a kind commonly used in the operation, promotion, or playing  
13 of a lottery or mutuel scheme or enterprise or other scheme not conducted  
14 pursuant to the Nebraska Bingo Act, the Nebraska County and City Lottery  
15 Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card  
16 Lottery Act, the Nebraska Small Lottery and Raffle Act, the State Lottery  
17 Act, ~~or section 9-701, or subdivision (5) of section 28-1101,~~ and such  
18 writing, paper, instrument, or article has been used for the purpose of  
19 recording, memorializing, or registering any bet, wager, or other  
20 gambling information not permitted by such acts or section.

21 (2) Possession of gambling records in the first degree is a Class II  
22 misdemeanor.

23 Sec. 29. Section 28-1113, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 28-1113 Nothing in this article shall be construed to:

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

29 (2) Prohibit or punish the conducting or participating in any bingo,  
30 lottery by the sale of pickle cards, lottery, raffle, ~~or gift enterprise,~~  
31 or fantasy contest when conducted in accordance with the Nebraska Bingo

1 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and  
2 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small  
3 Lottery and Raffle Act, the State Lottery Act, ~~or~~ section 9-701, or  
4 subdivision (5) of section 28-1101.

5 Sec. 30. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 18, 20, 21, 22, and 31  
6 of this act become operative on January 1, 2017. The other sections of  
7 this act become operative on their effective date.

8 Sec. 31. Original sections 9-329.02, 9-340, 9-340.02, 9-344,  
9 9-345.03, 9-347, 9-347.01, 9-348, 9-646.01, and 9-829, Reissue Revised  
10 Statutes of Nebraska, and section 9-601, Revised Statutes Cumulative  
11 Supplement, 2014, are repealed.

12 Sec. 32. Original sections 9-401, 9-411, 9-415, 9-501, 9-507,  
13 9-509, 9-607, 28-1101, 28-1105, and 28-1113, Reissue Revised Statutes of  
14 Nebraska, are repealed.