

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$27,000)		(\$19,000)
CASH FUNDS		(\$18,000)		(\$12,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$45,000)		(\$31,000)

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

LB 541 amends the Nebraska Lottery and Raffle Act.

Nebraska Revised Statutes Sections 9-402, 9-422, and 9-429 are amended to increase the gross proceeds limitation from \$1,000 to \$2,500 for lotteries and from \$5,000 to \$20,000 for raffles.

Section 9-426 is amended to increase the special permit fee for conducting a raffle and a lottery from \$10 to \$50. In addition, it changes the time period for which a special permit is valid and provides that a licensed organization may obtain no more than two 90-day special permits or one 180-day special permits in the twelve-month period beginning October 1 of each year.

A special permits exempts a licensed organization from the requirements of Section 9-427, which is the percentage for prizes from gross proceeds, and from the requirements of Section 9-430, which prohibits anyone under age 18 from participating in a lottery or raffle.

Section 9-427 is amended to decrease the percentage of the gross proceeds that are required to be used for prizes. The current percentage is 65% of gross proceeds for both lotteries and raffles. The new percentage is 45% of gross proceeds for both lotteries and raffles.

Section 9-429 is amended to provide that the tax imposed by this section applies to lotteries with gross proceeds over \$2,500 and raffles with gross proceeds over \$20,000. The current level at which the tax begins to apply is \$1,000 for lotteries and \$5,000 for raffles.

The Department of Revenue estimates the following fiscal impact as a result of the provisions of LB 541:

Fiscal Year:	General Fund:	Charitable Gaming Operations Fund:	Total:
2017-18:	(\$ 27,000)	(\$ 18,000)	(\$ 45,000)
2018-19:	(\$ 19,000)	(\$ 12,000)	(\$ 31,000)
2019-20:	(\$ 13,000)	(\$ 9,000)	(\$ 22,000)
2020-21:	(\$ 9,000)	(\$ 6,000)	(\$ 15,000)

The Department of Revenue indicates that the cost to implement the provisions of LB 541 will be minimal.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:541	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 2/2/2017	PHONE: (402) 471-4181
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis.			

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFA: 02/02/2017		
Approved by: Tony Fulton		Date Prepared: 01/31/2017		Phone: 471-5896		
	FY 2017-2018		FY 2018-2019		FY 2019-2020	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		(\$27,000)		(\$19,000)		(\$13,000)
Cash Funds		(\$18,000)		(\$12,000)		(\$9,000)
Federal Funds						
Other Funds						
Total Funds		(\$45,000)		(\$31,000)		(\$22,000)

LB 541 would raise the threshold that nonprofit organizations conducting lotteries or raffles would need to generate before being required to obtain a license and pay lottery and raffle tax to the Department. It would raise the licensing threshold for a raffle from \$5,000 in gross proceeds to \$20,000. It would raise the licensing threshold for a lottery from \$1,000 in gross proceeds to \$2,500.

The bill would raise the cost of a special permit (which exempts a lottery/raffle from otherwise applicable statutory requirements) from \$10 to \$50. The current three month time frame to use a special permit would be changed to either 90 or 180 days. A licensed organization would be entitled to either two 90-day special permits or one 180-day special permit, per 12-month period. Currently, special permits are valid for three months.

The bill also would lower the amount of gross proceeds currently required to be awarded as prizes from 65% to 45% for both lotteries and raffles.

It is estimated that LB 541 would impact General Fund revenues and the Charitable Gaming Operations Fund as follows:

Fiscal Year	General Fund	Charitable Gaming	Total
FY 17-18	\$ (27,000)	\$ (18,000)	\$ (45,000)
FY 18-19	\$ (19,000)	\$ (12,000)	\$ (31,000)
FY 19-20	\$ (13,000)	\$ (9,000)	\$ (22,000)
FY 20-21	\$ (9,000)	\$ (6,000)	\$ (15,000)

The costs for the Department to implement this bill would be minimal.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>17-18 FTE</u>	<u>18-19 FTE</u>	<u>19-20 FTE</u>	<u>17-18 Expenditures</u>	<u>18-19 Expenditures</u>	<u>19-20 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Aid.....							
Capital Improvements.....							
Total.....							