

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 541**

Introduced by Quick, 35; Friesen, 34.

Read first time January 18, 2017

Committee: General Affairs

- 1 A BILL FOR AN ACT relating to the Nebraska Lottery and Raffle Act; to
- 2 amend sections 9-402, 9-422, 9-426, 9-427, and 9-429, Reissue
- 3 Revised Statutes of Nebraska; to change restrictions on gross
- 4 proceeds for conducting lotteries and raffles; to change provisions
- 5 relating to special permits; to change the gross-proceed percentage
- 6 for the awarding of prizes in a raffle; to harmonize provisions; and
- 7 to repeal the original sections.
- 8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-402, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 9-402 (1) The purpose of the Nebraska Lottery and Raffle Act is to  
4 protect the health and welfare of the public, to protect the economic  
5 welfare and interest in certain lotteries with gross proceeds greater  
6 than ~~two~~ ~~one~~ thousand five hundred dollars and certain raffles with gross  
7 proceeds greater than twenty ~~five~~ thousand dollars, to insure that the  
8 profits derived from the operation of any such lottery or raffle are  
9 accurately reported in order that their revenue-raising potential be  
10 fully exposed, to insure that the profits are used for legitimate  
11 purposes, and to prevent the purposes for which the profits of any such  
12 lottery or raffle are to be used from being subverted by improper  
13 elements.

14 (2) The purpose of the Nebraska Lottery and Raffle Act is also to  
15 completely and fairly regulate each level of the traditional marketing  
16 scheme of tickets or stubs for such lotteries and raffles to insure  
17 fairness, quality, and compliance with the Constitution of Nebraska. To  
18 accomplish such purpose, the regulation and licensure of nonprofit  
19 organizations and any other person involved in the marketing scheme are  
20 necessary.

21 (3) The Nebraska Lottery and Raffle Act shall apply to all lotteries  
22 with gross proceeds in excess of ~~two~~ ~~one~~ thousand five hundred dollars,  
23 except for lotteries by the sale of pickle cards conducted in accordance  
24 with the Nebraska Pickle Card Lottery Act, lotteries conducted by a  
25 county, city, or village in accordance with the Nebraska County and City  
26 Lottery Act, and lottery games conducted in accordance with the State  
27 Lottery Act, and to all raffles with gross proceeds in excess of twenty  
28 ~~five~~ thousand dollars. All such lotteries and raffles shall be played and  
29 conducted only by the methods permitted in the act. No other form, means  
30 of selection, or method of play shall be allowed.

31 Sec. 2. Section 9-422, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 9-422 No person, except a licensed organization operating pursuant  
3 to the Nebraska Lottery and Raffle Act, shall conduct any lottery with  
4 gross proceeds in excess of two thousand five hundred ~~one thousand~~  
5 dollars or any raffle with gross proceeds in excess of twenty five  
6 thousand dollars. Any lottery or raffle conducted in violation of this  
7 section is hereby declared to be a public nuisance. Any person who  
8 violates this section shall be guilty of a Class III misdemeanor. Nothing  
9 in this section shall be construed to apply to any lottery conducted in  
10 accordance with the Nebraska County and City Lottery Act, any lottery by  
11 the sale of pickle cards conducted in accordance with the Nebraska Pickle  
12 Card Lottery Act, or any lottery game conducted pursuant to the State  
13 Lottery Act.

14 Sec. 3. Section 9-426, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 9-426 (1) A licensed organization may obtain from the department a  
17 special permit to conduct one raffle and one lottery. The cost of the  
18 special permit shall be fifty ~~ten~~ dollars. The special permit shall  
19 exempt the licensed organization from subsections (2) and (3) of section  
20 9-427 and from section 9-430. The organization shall comply with all  
21 other requirements of the Nebraska Lottery and Raffle Act.

22 (2) ~~A~~ The special permit may ~~shall~~ be valid for either ninety days  
23 or one hundred eighty days as determined by the department ~~three calendar~~  
24 ~~months~~ and shall be issued by the department upon the proper application  
25 by the licensed organization. The special permit shall become invalid  
26 upon termination, revocation, or cancellation of the organization's  
27 license to conduct a lottery or raffle. The application shall be in such  
28 form and contain such information as the department may prescribe. No  
29 licensed organization may obtain more than two ninety-day special permits  
30 or more than one one-hundred-eighty-day special permit for each twelve-  
31 month period commencing October 1 of each year or such other date as the

1 department may prescribe by rule and regulation.

2 (3) No licensed organization conducting a raffle or lottery pursuant  
3 to a special permit shall pay persons selling tickets or stubs for the  
4 raffle or lottery, except that nothing in this subsection shall prohibit  
5 the awarding of prizes to such persons based on ticket or stub sales.

6 Sec. 4. Section 9-427, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 9-427 (1) The gross proceeds of any lottery or raffle shall be used  
9 solely for lawful purposes, awarding of prizes, and allowable expenses.

10 (2) Not less than forty-five ~~sixty-five~~ percent of the gross  
11 proceeds of any lottery shall be used for the awarding of prizes, and not  
12 more than ten percent of the gross proceeds shall be used to pay the  
13 allowable expenses of operating such scheme.

14 (3) Not less than forty-five ~~sixty-five~~ percent of the gross  
15 proceeds of any raffle shall be used for the awarding of prizes, and not  
16 more than ten percent of the gross proceeds shall be used to pay the  
17 allowable expenses of operating such scheme, except that if prizes are  
18 donated to the licensed organization to be awarded in connection with  
19 such raffle, the prizes awarded shall have a fair market value equal to  
20 at least forty-five ~~sixty-five~~ percent of the gross proceeds and the  
21 licensed organization shall use the proceeds for allowable expenses,  
22 optional additional prizes, and a lawful purpose.

23 Sec. 5. Section 9-429, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 9-429 Any licensed organization or any other organization or person  
26 conducting a lottery or raffle activity required to be licensed pursuant  
27 to the Nebraska Lottery and Raffle Act shall pay to the department a tax  
28 of two percent of the gross proceeds of each lottery having gross  
29 proceeds of more than two ~~one~~ thousand five hundred dollars or raffle  
30 having gross proceeds of more than twenty ~~five~~ thousand dollars. Such tax  
31 shall be remitted quarterly, within thirty days of the end of the

1 quarter, on forms approved and provided by the department. The department  
2 shall remit the tax to the State Treasurer for credit to the Charitable  
3 Gaming Operations Fund. All deficiencies of the tax imposed by this  
4 section shall accrue interest and be subject to a penalty as provided for  
5 sales and use taxes in the Nebraska Revenue Act of 1967.

6 Sec. 6. Original sections 9-402, 9-422, 9-426, 9-427, and 9-429,  
7 Reissue Revised Statutes of Nebraska, are repealed.