Introduced by Quick, 35; Friesen, 34.

Read first time January 18, 2017

Committee: General Affairs

A BILL FOR AN ACT relating to the Nebraska Lottery and Raffle Act; to amend sections 9-402, 9-422, 9-426, 9-427, and 9-429, Reissue Revised Statutes of Nebraska; to change restrictions on gross proceeds for conducting lotteries and raffles; to change provisions relating to special permits; to change the gross-proceed percentage for the awarding of prizes in a raffle; to harmonize provisions; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 9-402, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

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

Sec. 2. Section 9-422, Reissue Revised Statutes of Nebraska, is
amended to read:

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

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

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

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

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

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

9-427 (1) The gross proceeds of any lottery or raffle shall be used solely for lawful purposes, awarding of prizes, and allowable expenses. (2) Not less than forty-five sixty-five percent of the gross proceeds of any lottery shall be used for the awarding of prizes, and not more than ten percent of the gross proceeds shall be used to pay the allowable expenses of operating such scheme.

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

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

9-429 Any licensed organization or any other organization or person conducting a lottery or raffle activity required to be licensed pursuant to the Nebraska Lottery and Raffle Act shall pay to the department a tax of two percent of the gross proceeds of each lottery having gross proceeds of more than two one thousand five hundred dollars or raffle having gross proceeds of more than twenty five thousand dollars. Such tax shall be remitted quarterly, within thirty days of the end of the
quarter, on forms approved and provided by the department. The department shall remit the tax to the State Treasurer for credit to the Charitable Gaming Operations Fund. All deficiencies of the tax imposed by this section shall accrue interest and be subject to a penalty as provided for sales and use taxes in the Nebraska Revenue Act of 1967.

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