

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 438 amends the Nebraska Racetrack Gaming Act.

Section 9-1103 is amended to add terms and definitions for online sports wagering platform and platform provider.

The bill provides that all sports wagering shall be conducted by an authorized gaming operator located within a licensed racetrack enclosure or in partnership with such authorized gaming operator. The bill adds that any sports wager can also be placed by means of an online sports wagering platform that is offered by or in partnership with an authorized gaming operator by an individual that is located in the State of Nebraska.

An authorized gaming operator may conduct sports wagering by means of an online sports wagering platform or may contract with up to one platform provider for purposes of providing sports wagering. A vendor that does not have a contract with an authorized gaming operator to conduct sports wagering by means of an online sports wagering platform shall not be permitted to conduct sports wagering in the State of Nebraska. Any sports wagering conducted by means of an online sports wagering platform shall conform to all requirements relating to sports wagering pursuant to the Nebraska Racetrack Gaming Act and any rules or regulations adopted and promulgated pursuant to the Act.

An authorized gaming operator or a vendor that has contracted with an authorized gaming operator shall submit controls to the Racing and Gaming Commission (Commission) for approval in a manner prescribed by the Commission relating to any online sports wagering platform that the authorized gaming operator or the vendor intends to use to conduct sports wagering by means of an online sports wagering platform. No authorized gaming operator or vendor shall conduct sports wagering by means of an online sports wagering platform until the controls for such online sports wagering platform are approved by the Commission.

The bill also amends provisions so that the tax imposed by section 9-1203 on gross gaming revenue generated by sports wagering shall be credited as follows:

- Compulsive Gamblers Assistance Fund-2.5%
- Racing and Gaming Commission’s Racetrack Gaming Fund-5%
- Property Tax Credit Cash Fund-27.5%
- General Fund-20%
- Education Future Fund-45%

The operative date for this bill is 3 months after adjournment of the Legislature.

The Department of Revenue (DOR) estimates the following revenue impact to the General Fund, State Cash Funds, and the casino gaming tax revenues credited to cities/counties as a result of the bill based upon the online sports betting system being up and running and tax being collected by January 1, 2026:

	FY26	FY27	FY28	FY29
Compulsive Gamblers Assistance Fund	\$ 232,000	\$ 478,000	\$ 494,000	\$ 511,000
Racing and Gaming Commission's Racetrack Gaming Fund	\$ 505,000	\$ 1,042,000	\$ 1,077,000	\$ 1,115,000
Property Tax Credit Cash Fund	\$ 2,194,000	\$ 4,525,000	\$ 4,679,000	\$ 4,842,000
General Fund	\$ 2,000,000	\$ 4,123,000	\$ 4,264,000	\$ 4,413,000
Education Future Fund	\$ 4,546,000	\$ 9,374,000	\$ 9,693,000	\$ 10,032,000
State Total	\$ 9,477,000	\$ 19,542,000	\$ 20,207,000	\$ 20,913,000
City/County	\$ (209,000)	\$ (430,000)	\$ (445,000)	\$ (460,000)
Overall Total	\$ 9,268,000	\$ 19,112,000	\$ 19,762,000	\$ 20,453,000

There is no basis to disagree with these revenue estimates if tax is collected starting January 1, 2026.

The DOR estimates no costs to it to implement the bill.

The Commission estimates the need to re-open two previously created Gaming Compliance Representative II positions as well as the need for an IT Business Systems Analyst-Coordinator. The Commission also estimates operating expenditures mostly consisting of IT costs to be paid to the Office of the Chief Information Officer (OCIO) as a result of the bill. Cash Fund revenue estimates as a result of the bill are also provided by the Commission.

The bill has no fiscal impact without a corresponding change to Article III, section 24 of the Nebraska Constitution to permit online sports wagering outside of licensed racetrack enclosures.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 438	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY:	Jacob Leaver	DATE: 3/6/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Revenue's estimated fiscal impact as a result of LB 438.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 438	AM:	AGENCY/POLT. SUB: City of Lincoln	
REVIEWED BY:	Jacob Leaver	DATE: 1/27/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the City of Lincoln's estimated fiscal impact as a result of LB 438.			

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2025

LB⁽¹⁾ 438

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Racing & Gaming Commission

Prepared by: ⁽³⁾ Rita Pracht Date Prepared: ⁽⁴⁾ 1/23/25 Phone: ⁽⁵⁾ 531-310-4536

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	<u>472,127</u>	<u>188,562</u>	<u>389,491</u>	<u>188,562</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Explanation of Estimate:

The Racing & Gaming Commission will need to reopen two previously created positions for Gaming Compliance Representative II to manage the increased workload. Additionally, we will establish an IT Business Systems Analyst/Coordinator position to monitor the continuous change management requests and assist with IT-related audits, ensuring the integrity of mobile sports wagering. We will also collaborate with other regulatory jurisdictions to share best practices for overseeing mobile sports betting.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Gaming Compliance Representative II	<u>2</u>	<u>2</u>		
IT Bus Systems Analyst/Coordinator	<u>1</u>	<u>1</u>	<u>69,448</u>	<u>71,532</u>
Benefits.....			<u>41,200</u>	<u>43,000</u>
Operating.....			<u>342,275</u>	<u>255,755</u>
Travel.....			<u>19,204</u>	<u>19,204</u>
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>472,127</u>	<u>389,491</u>

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2025

LB⁽¹⁾ 438

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ Claire Oglesby Date Prepared: ⁽⁴⁾ 1/24/25 Phone: ⁽⁵⁾ 402.441.8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		-\$71,625		-\$71,625
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		-\$71,625		-\$71,625

Explanation of Estimate:

In 2024 sports betting gross revenue at Warhorse Casino in Lincoln NE was \$2,864,995. 20% of gross revenue was taxed and the City of Lincoln received 12.5% of the taxed revenue amount which was \$71,625 in 2024. With the passage of LB438 the City of Lincoln would not receive taxed revenue from sports betting.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				