

SENATOR SMITH: Yes. Within their boundaries, they could do that.

SENATOR SCHMIT: And they could charge anything they chose for the privilege of allowing the county to operate? Is that right?

SENATOR SMITH: Yes, I guess it's my understanding, I didn't realize that with the way...the case...but it is true, I guess.

SENATOR SCHMIT: At the present time, Douglas County has an authorized lottery and if they chose to operate a lottery, for example, the City of Omaha could charge Douglas County 90 percent, if they so chose, of the net proceeds of that operation to conduct the lottery within the city limits of the county...of the city. Is that right?

SENATOR SMITH: I'm sorry, I didn't hear what you were saying, Senator Schmit.

SENATOR SCHMIT: Since Douglas County does have a licensed lottery, I believe, at this time, although it's not functioning, and since the city does not have one, the city could effectively tell the county that if you choose to locate any of your outlets within the city limits, you may do so but we will tax you for 90 percent of the net revenue. Could they do that?

SENATOR SMITH: I don't believe they could tax the 90 percent, Senator Schmit. They could do one of two things. They could either prohibit it within their boundaries or they could tax within the constitutional limits and I think reasonable limits. I don't think 90 percent would be reasonable or considered reasonable.

SENATOR SCHMIT: Well, is there language in the bill, Senator, that defines or says specifically that they may charge a reasonable limit for the operation within the (interruption)?

SENATOR SMITH: No, there is not but I think that they would have to follow what we would...I mean, that could be contested if they would try...they cannot be arbitrary or capricious in what they would charge as a tax.

SENATOR SCHMIT: What would limit them, Senator?