

We toyed with the idea of allowing licensing of retailers. For a number of reasons we decided that rather than license retailers, rather than license people that the Department of Revenue is dealing with, that we would allow them to contract rather than license. So there are a number of provisions in the committee amendments that deal with contracting, with the types of contracts that the retailers would sign, with the types of contracts that the department would sign with people that they are making major procurements from. And the major procurements we're talking about are the terminals that would distribute lottery tickets, the equipment that would be used to have lottery drawings, the computer backup that would be needed to operate the lottery. The cost of the lottery, under this amendment, would be that for two years from the operative date of the act the lottery would operate on General Fund dollars. After that, the initial appropriation and interest would be reimbursed from lottery proceeds, and expenses then are exclusively paid from the lottery operations fund. We have LB 849A, which is coming up right behind this that contains the initial appropriation for the lottery in the amount of \$2 million. That money would be what is commonly known as seed money that would eventually be paid back, very quickly paid back actually within two years from the operative date of the act. There are also a number of other provisions dealing with conflict of interests, rules and regs, administrative and judicial responsibilities of the Department of Revenue. It clarifies the status of lottery revenue. I think Senator Moore has an amendment coming up on...regarding the status of lottery revenue. As the committee amendment stands the lottery revenue would not be part of the total state revenue, would not be used in projections, and expenses of the lottery would not be either. It essentially would be an entirely cash funded agency, with the cash fund consisting of the lottery operations fund.

PRESIDENT MOUL: One minute.

SENATOR WILL: Finally, there would be some provisions relating to security. There would be a provision stating that the director continuously studies the lottery, as well as other state lotteries, in order to determine what changes, if any, should be made. The lottery would be specifically free from control of local governments. There could not be local occupation taxes or anything of that type placed upon the lottery. And the very last section of the amendment, I believe, is the section that is extremely important to the amendment.