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PREPARED BY: Doug Gibbs  
DATE PREPARED: February 03, 2011  
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**LB 681**

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 681 amends Nebraska Revised Statute Sections 9-648 and 9-1,101 and creates a fund.

The bill creates the Live Horseracing Endowment Fund. The Nebraska State Racing Commission may use up to five percent of the fund for administrative purposes and the rest of the fund is to be used for purses for thoroughbred race meets at racetracks conducting live horseracing in Nebraska.

The bill also provides that the State Treasurer shall credit the proceeds of the keno lottery tax to the Charitable Gaming Operations Fund until such proceeds from the tax total \$4 million annually, and then credit the next \$2 million of proceeds annually to the Live Horseracing Endowment Fund. Any amount over \$6 million shall be credited 50 percent to the Charitable Gaming Operations Fund and 50 percent to the Live Horseracing Endowment Fund.

The keno tax is two percent of keno proceeds and is currently credited to the Charitable Gaming Operations Fund.

The bill has an operative date of January 1, 2012.

The Department of Revenue indicates that annual keno tax receipts are less than \$4 million, and under the current structure, are not expected to surpass that threshold, therefore no money would be credited to the Live Horseracing Endowment Fund. The Department indicates no cost to implement LB 681.

We agree with the Department of Revenue's estimate of fiscal impact.

The State Racing Commission has indicated an increase in revenue as a result of LB 681. However, the Commission's estimate is based on the premise that another bill pending before the Legislature will pass and will result in increased keno wagering and therefore, increased keno tax revenue. Given that we can not presume passage of that bill or an increase in keno tax revenue as a result, we disagree with the Commission's estimate.

# FISCAL NOTE LB681

## Nebraska State Racing Commission

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JAN 31 2011  
LEGISLATIVE FISCAL

Prepared By	Sage, Tom
Date Prepared	1/27/2011
Prepared Phone	402-471-4155

**Estimate Provided By State Agency or Political Subdivision**

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	0.00	0.00	0.00	0.00
Cash Funds	1,290,775	1,290,775	1,290,775	1,290,775
Federal Funds	0.00	0.00	0.00	0.00
Other Funds				
<b>Total Funds</b>	<b>1,290,775</b>	<b>1,290,775</b>	<b>1,290,775</b>	<b>1,290,775</b>

**Explanation of Estimate:**

The Racing Commission has no firm numbers to make any calculation as to the fiscal impact of LB681. We come to this conclusion because the 2010 annual report from the Nebraska Department of Revenue Charitable Gaming Division shows that the County/City Lottery (Keno) tax revenue was \$3,709,225. This level does not reach the four million dollar level stated in LB681.

LB490 is a bill that has been introduced and will change how often a Keno game can be offered. If this bill becomes law, I have been told by the bills supporters that the Keno Revenues and Gaming Tax Revenue will increase. The supporters have indicated that the Gaming Tax Revenue could increase from 3.9 million dollars to 5 million dollars or more.

The figures I have use in this fiscal note is the 5 million figure that the supporters of LB490 estimates. Also LB681 and LB490 will both have to be passed or combined before there would be any impact on the Commission.

If the Commission uses LB490 supporters number of 5 million, \$1,226,236.25 would be placed into the Live Horseracing Endowment fund and administered by the Commission. \$64,538.75 would be placed in the operating budget of the Commission.

**Major Objects of Expenditure**

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
Staff Assistant	.5FTE	.5FTE	\$13,209	\$13,209
		Benefits	\$2,000	\$2,000
		Operating	\$49,328.75	\$49,328.75
		Travel		
		Capital outlay		
		Aid	\$1,226,236.25	\$1,226,236.25
		Capital improvements		
		<b>Total</b>	<b>\$1,290,775</b>	<b>\$1,290,775</b>

