PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 22, 2016 402-471-0051

**LB 970** 

Revision: 00

## **FISCAL NOTE**

## LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2016-17 FY 2017-18						
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		\$170,000		\$471,000			
CASH FUNDS	\$70,316	\$114,000	\$63,299	\$314,000			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$70,316	\$284,000	\$63,299	\$785,000			

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

LB 970 makes a number of changes to Nebraska's gaming and lottery statutes.

The bill adds new language that would authorize a participant to use U.S. currency or "any method of payment representing United States currency" in all of Nebraska's authorized methods of gambling. "Method of payment representing U.S. currency" is not defined but we assume includes checks, debit cards, and credit cards.

The bill eliminates the five minutes wait between keno games; increases the pickle card prize to a maximum of 85% of gross proceeds; reduces the pickle card tax to 5% of the definite profit (currently 10%); allows for electronic keno tickets (undefined); changes a number of provisions regarding the pickle card operator to increase commissions; allows for payment for pickle card units from a licensed organization on credit; eliminates dispensing device leasing requirements; changes time limits for payment for pickle card units; and removes the requirement that the Dept. of Revenue approve lease or rental agreements for pickle card dispensing devices.

The bill has an operative date of January 1, 2017.

The Department of Revenue estimates the following fiscal impact as result of LB 970:

		Charitable Gaming Op	perations	
Fiscal Year:	General Fund:	Fund:	Total:	
2016-17:	\$ 170,000	\$ 114,000	\$ 284,000	
2017-18:	\$ 471,000	\$ 314,000	\$ 785,000	
2018-19:	\$ 508,000	\$ 339,000	\$ 847,000	
2019-20:	\$ 547.000	\$ 365,000	\$ 913,000	

The Department estimates that the cost to implement the provisions of LB 970 will include a one-time cost for programming of \$3,500 for changes to the licensing system and 1.0 FTE investigator to monitor the anticipated activity.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 970 AM: AGENCY/POLT. SUB: Liquor Control Commission						
REVIEWED BY: Ly	REVIEWED BY: Lyn Heaton DATE: 1/21/2016 PHONE: 471-4181					
COMMENTS: Concur. No fiscal impact to the Liquor Control Commission.						

LB 970 Revised Fiscal Note 2016

State Agency Estimate						
State Agency Name: Department	t of Revenue				Date Due LFA:	1/21/2016
Approved by: Tony Fulton		Date Prepared:	1/20/2016		Phone: 471-5896	
	FY 2016	<u>-2017</u>	FY 2017	<u>'-2018</u>	FY 201	8-2019
	Expenditures	Revenue	Expenditures	Revenue	<b>Expenditures</b>	Revenue
General Funds		\$170,000		\$471,000		\$508,000
Cash Funds	\$70,316	\$114,000	\$63,299	\$314,000	\$65,538	\$339,000
Federal Funds						
Other Funds						
Total Funds	\$70,316	\$284,000	\$63,299	\$785,000	\$65,538	\$847,000

LB 970 would authorize a participant in all of Nebraska's authorized forms of gambling, to include the State Lottery Act, to use United States currency or "any method of payment representing United States currency."

The bill would also reduce the pickle card tax from 10% of the definite profit to 5% of the definite profit, allow for "electronic" keno tickets, and eliminate the requirement of five minutes between keno games. The bill also changes several pickle card operator provisions to increase operator commissions, allow for the payment of pickle card units from a licensed organization on credit, increase the amount that may be awarded as a prize from 80% to 85%, and eliminate dispensing device leasing requirements.

LB 970 becomes operative January 1, 2017.

It's estimated that LB 970 would impact General Fund revenues and Charitable Gaming Operations Fund as follows:

Fiscal Year	General Fund	Charitable Gaming	Total
FY 16-17	\$ 170,000	\$ 114,000	\$ 284,000
FY 17-18	\$ 471,000	\$ 314,000	\$ 785,000
FY 18-19	\$ 508,000	\$ 339,000	\$ 847,000
FY 19-20	\$ 547,000	\$ 365,000	\$ 913,000

The bill will require a one-time cost of \$3,500 for programming changes to the licensing system and one full time investigator to monitor the anticipated activity.

	Major Objects of Expenditure							
16-17 17-18 18-19 16-17 17-18 18-19								
Class Code	Classification Title	FTE	FTE	FTE	<b>Expenditures</b>	<b>Expenditures</b>	<b>Expenditures</b>	
X62730	Revenue Investigator	1.0	1.0	1.0	\$46,478	\$47,593	\$48,735	
Benefits					\$15,338	\$15,706	\$16,803	
Operating Costs					\$3,500			
					\$5,000			
Capital Improvem	ents							
					\$70,316	\$63,299	\$65,538	

<b>LB</b> <sup>(1)</sup> 970				FISCAL NOTE
State Agency OR Pol	litical Subdivision Name: (2)	NEBRASKA LIC	QUOR CONTROL COMM	MISSION
Prepared by: (3)	JERRY VAN ACKEREN	Date Prepared: (4)	1/20/2016 Phone:	(5) (402) 471-4892
	ESTIMATE PROVIDEI	D BY STATE AGENO	CY OR POLITICAL SUBDIVIS	SION
	FY 201 EXPENDITURES	16-17 <u>REVENUE</u>	<u>FY 20</u> <u>EXPENDITURES</u>	17-18 <u>REVENUE</u>
GENERAL FUNDS	s <u> </u>	0	0	0
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	0	0	0	0
<b>Explanation of Est</b>	imate:			

BREAKE	OWN BY MA.	OR OBJECTS O	F EXPENDITURE	
Personal Services:			<u> </u>	
DOCKET ON THE F		POSITIONS	2016-17	2017-18
POSITION TITLE	<u>16-17</u>	<u>17-18</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
			0	0
Benefits			0	0
Operating			0	0
Travel			0	0
Capital outlay			0	0
Aid			0	0
Capital improvements			0	0
TOTAL			0	0