Doug Gibbs January 31, 2017 402-471-0051

LB 631

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | | | |
|--|--------------|-------------|--------------|-------------|--|--|
| | FY 2017-18 | | FY 20 | 18-19 | | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE | | |
| GENERAL FUNDS | | (\$77,000) | | (\$146,000) | | |
| CASH FUNDS | | (\$52,000) | | (\$98,000) | | |
| FEDERAL FUNDS | | | | | | |
| OTHER FUNDS | | | | | | |
| TOTAL FUNDS | | (\$129,000) | | (\$244,000) | | |

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

LB 631 makes a number of changes to Nebraska's pickle card statutes.

The bill 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%); 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; removes the requirement that the Dept. of Revenue approve lease or rental agreements for pickle card dispensing devices; and changes the current requirement that dispensing devices be purchased, rented, or leased for fair market value.

The bill also 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 has an operative date of January 1, 2018.

The Department of Revenue estimates the following fiscal impact as result of LB 631:

| | | Charitable Gaming Op | erations | |
|--------------|---------------|----------------------|--------------|--|
| Fiscal Year: | General Fund: | Fund: | Total: | |
| 2017-18: | (\$ 77,000) | (\$ 52,000) | (\$ 129,000) | |
| 2018-19: | (\$ 146,000) | (\$ 98,000) | (\$ 244,000) | |
| 2019-20: | (\$ 139,000) | (\$ 92,000) | (\$ 231,000) | |
| 2020-21: | (\$ 132,000) | (\$ 88,000) | (\$ 220,000) | |

The Department of Revenue indicates that there will be no cost to implement the provisions of LB 631.

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

| ADMIN | IISTRATIVE SERVICE | ES STATE BUDGET DIVISIO | DN: REVIEW OF AGENCY & POLT. SUB. RESPONSE | |
|---|--------------------|-------------------------|--|--|
| LB:631 | AM: | AGENCY/POLT. S | SUB: Department of Revenue | |
| REVIEWED | BY: Lyn Heaton | DATE: 2/2/2017 | PHONE: (402) 471-4181 | |
| COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis. | | | | |

LB 631 GAM

Fiscal Note 2017

| State Agency Estimate | | | | | | | |
|------------------------------------|--------------|----------------|--------------|-------------|-----------------|-------------|--|
| State Agency Name: Department of H | Revenue | | | | Date Due LFA: | 02/02/2017 | |
| Approved by: Tony Fulton | | Date Prepared: | 01/31/2017 | | Phone: 471-5896 | | |
| | FY 2017-2018 | | FY 2018-2019 | | FY 2019-2020 | | |
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue | |
| General Funds | | (\$77,000) | | (\$146,000) | | (\$139,000) | |
| Cash Funds | | (\$52,000) | | (\$98,000) | | (\$92,000) | |
| Federal Funds | | | | | | | |
| Other Funds | | | | | | | |
| Total Funds | | (\$129,000) | | (\$244,000) | | (\$231,000) | |
| | | | | | | | |

LB 631 would authorize a participant in all of Nebraska's authorized forms of gambling, including the State Lottery Act, to use United States currency or "any method of payment representing United States currency."

The bill would reduce the pickle card tax from 10% of the definite profit to 5% of the definite profit. The bill also changes several pickle card operator provisions to increase operator commissions from 30% to 35% of definite profit, allows for the payment of pickle card units from a licensed organization on credit, increases the amount that may be awarded as a prize from 80% to 85%, and changes the requirement that dispensing devices be purchased, rented, or leased for fair market value.

It is estimated that LB 631 would impact General Fund revenues and the Charitable Gaming Operations Fund as follows:

| Fiscal Year | General Fund | Charitable Gaming | Total | | |
|----------------------|---|---|--|--|--|
| FY 17-18 FY 18-19 | \$ (77,000) \$ (146,000) \$ (120,000) | \$ (52,000) \$ (98,000) \$ (02,000) | \$ (129,000) \$ (244,000) \$ (221,000) | | |
| FY 19-20 FY 20-21 | \$ (139,000) \$ (132,000) | \$ (92,000) \$ (88,000) | \$ (231,000) \$ (220,000) | | |

It is estimated that there will be no cost to the Department to implement this bill.

| Major Objects of Expenditure | | | | | | | |
|------------------------------|----------------------|---------------------|---------------------|---------------------|------------------------------|------------------------------|------------------------------|
| <u>Class Code</u> | Classification Title | 17-18 <u>FTE</u> | 18-19 <u>FTE</u> | 19-20 <u>FTE</u> | 17-18 <u>Expenditures</u> | 18-19 <u>Expenditures</u> | 19-20 <u>Expenditures</u> |
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| | | | | | | | |
| Benefits | | | | | | | |
| Operating Costs | | | | | | | |
| Travel | | | | | | | |
| Capital Outlay | | | | | | | |
| 4 * 1 | | | | | | | |
| Capital Improvements | | | | | | | |
| Total | | | | | | | |