

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b> |                     |                    |                     |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | <b>FY 2018-19</b>   |                    | <b>FY 2019-20</b>   |                    |
|   | <b>EXPENDITURES</b> | <b>REVENUE</b>     | <b>EXPENDITURES</b> | <b>REVENUE</b>     |
| GENERAL FUNDS   |                     | \$168,000          |                     | \$77,000           |
| CASH FUNDS  |                     | \$2,556,000        | \$5,214,000         | \$5,214,000        |
| FEDERAL FUNDS   |                     |                    |                     |                    |
| OTHER FUNDS   |                     |                    |                     |                    |
| <b>TOTAL FUNDS</b>  |                     | <b>\$2,724,000</b> | <b>\$5,214,000</b>  | <b>\$5,291,000</b> |

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

LB 1102 amends sections of statute regarding gaming and lotteries.

Section 9-631 is amended to change the licensure requirement for conducting, operating, and working for a keno lottery from the current two year licensure period to a one year licensure period. The annual license fee to conduct a lottery is set at \$100 and an annual fee of \$1,000 for a lottery operator.

Section 9-648 is amended to increase the amount of tax on gross proceeds of the keno lottery from the current 2% to the new rate of 4%. In addition, the proceeds are the tax are now split between the Charitable Gaming Operation Fund and the Property Tax Credit Cash Fund, with each of the funds getting half of the tax proceeds. Current law provides that the amount credited to the Charitable Gaming Operation Fund is further split with 40% going to the Charitable Gaming Division for administration and enforcement and 60% credited to the General Fund

The bill has an operative date of January 1, 2019.

The Department of Revenue estimates the following fiscal impact of LB 1102:

| Fiscal Year: | General Fund: | Charitable Gaming Operations Fund: | Property Tax Credit Cash Fund: | Total:       |
|--------------|---------------|------------------------------------|--------------------------------|--------------|
| 2018-19:     | \$ 168,000    | \$ 0                               | \$ 2,556,000                   | \$ 2,724,000 |
| 2019-20:     | \$ 77,000     | \$ 0                               | \$ 5,214,000                   | \$ 5,291,000 |
| 2020-21:     | \$ 175,000    | \$ 0                               | \$ 5,318,000                   | \$ 5,493,000 |
| 2021-22:     | \$ 80,000     | \$ 0                               | \$ 5,424,000                   | \$ 5,504,000 |

The Department of Revenue indicates there will be minimal cost to implement the provisions of LB 1102.

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

| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>   |                |                                 |  |
|--|----------------|---------------------------------|--|
| LB: 1102   | AM:            | AGENCY/POLT. SUB: City of Omaha |  |
| REVIEWED BY: Lyn Heaton  | DATE: 2/9/2018 | PHONE: (402) 471-4181           |  |
| COMMENTS: It is reasonable to conclude that the bill will impact the City of Omaha's net keno proceeds. However, contrary to their fiscal note, the January 1, 2019 effective date would mean the first fiscal year impact would be less than the fully annualized impact. |                |                                 |  |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE  |                |  |
|--|----------------|--|
| LB: 1102   | AM:            | AGENCY/POLT. SUB: Dept. of Revenue                 |
| REVIEWED BY: Lyn Heaton  | DATE: 2/9/2018 | PHONE: <a href="tel:4024714181">(402) 471-4181</a> |
| COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis, though their fiscal note has omitted the increase in cash fund expenditures that would occur from the Property Tax Credit Cash Fund. The conclusion that the bill will result in General Fund revenue appears reasonable since under current law the excess funds in the Charitable Gaming Operations Fund not otherwise needed for administrative costs are transferred to the General Fund each year pursuant to section 9-1,101(3)(c). |                |  |



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2018

LB<sup>(1)</sup> 1102

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Omaha

Prepared by: <sup>(3)</sup> Tyler Leimer Date Prepared: <sup>(4)</sup> 1/26/2018 Phone: <sup>(5)</sup> (402)444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

|               | FY 2018-19   |         | FY 2019-20   |         |
|---------------|--------------|---------|--------------|---------|
|               | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | 1,500,000    |         | 1,500,000    |         |
| CASH FUNDS    |              |         |              |         |
| FEDERAL FUNDS |              |         |              |         |
| OTHER FUNDS   |              |         |              |         |
| TOTAL FUNDS   |              |         |              |         |

Explanation of Estimate: Fiscal impact would double tax the City of Omaha pays the State per year from \$1,500,000 to \$3,000,000. This money is used for community betterment and without it the City would be need to use another avenue to fulfill budget obligations.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE            | NUMBER OF POSITIONS |       | 2018-19<br>EXPENDITURES | 2019-20<br>EXPENDITURES |
|---------------------------|---------------------|-------|-------------------------|-------------------------|
|                           | 18-19               | 19-20 |                         |                         |
|                           |                     |       |                         |                         |
| Benefits.....             |                     |       |                         |                         |
| Operating.....            |                     |       |                         |                         |
| Travel.....               |                     |       |                         |                         |
| Capital outlay.....       |                     |       |                         |                         |
| Aid.....                  |                     |       |                         |                         |
| Capital improvements..... |                     |       |                         |                         |
| TOTAL.....                |                     |       |                         |                         |