PREPARED BY: DATE PREPARED: PHONE: Keisha Patent March 14, 2019 402-471-0059

**LB 722** 

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2019-20		FY 2020-21			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS						
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS						

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

LB 722 amends the Nebraska County and City Lottery Act to include provisions for gray devices. "Gray device" is defined as (1) any electronic gaming device, electro-mechanical gaming device, or video gaming device that accepts or requires currency, credit, coins, tokens, or other value in exchange for play; or (2) awards a monetary prize or credits, tickets, vouchers, or other items redeemable for a monetary prize in conjunction with the play of the device. Gray device also includes a device that plays, emulates, or simulates:

- Slot machines, coin pushers, roulette, craps, dice games, or wheel of fortune, or any other type of game ordinarily played in a casino:
- Any card game; or
- Keno, pickle cards, or bingo, or any similar activity, unless operated in accordance with the Nebraska Bingo Act, Nebraska County and City Lottery Act, or Nebraska Pickle Card Lottery Act; and
- Awards anything of value, except for an immediate, unrecorded, and nonexchangeable right of play.

The bill specifies a lottery under the Nebraska County and City Lottery Act does not include any gambling scheme using a gray device and provides for seizure of a gray device and a penalty of \$5,000 per day for any person operating of placing a gray device in service.

The Department of Revenue estimates a minimal increase to the General Fund and Charitable Gaming Operations Fund and a minimal cost to implement the bill. There is no basis to disagree with these estimates.

ADMIN	NISTRATIVE SERVIC	ES STATE BUDGET DIVISION: REVIEW OF	AGENCY & POLT. SUB. RESPONSE				
LB: 722	AM:	AGENCY/POLT. SUB: Nebraska De	AGENCY/POLT. SUB: Nebraska Department of Revenue (016)				
REVIEWED BY: Joe Wilcox		DATE: 03/13/2019	PHONE: (402) 471-4178				
COMMENTS: No basis to dispute the Nebraska Department of Revenue estimate of potentially "minimal", but undetermined General Fund and Cash Fund Revenue Impacts and Agency Fiscal Impact from LB 722.							

**LB 722** Fiscal Note 2019

State Agency Estimate						
State Agency Name: Department of Revenue Date Due LFA: 3/13/19					3/13/19	
Approved by: Tony Fulton		Date Prepared:	1/25/19		Phone: 471-5896	
	FY 2019	-2020	FY 2020-2021		FY 2021-2022	
	<u>Expenditures</u>	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue
General Funds		Minimal		Minimal		Minimal
Cash Funds	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
Federal Funds					-	
Other Funds						
Total Funds	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal

LB 722 amends the Nebraska County and City Lottery Act.

The bill defines a "gray device" and makes it illegal to possess or operate one. A gray device is differentiated from other video games in that it awards monetary prizes, credits, or other items like tickets and vouchers which are redeemed for monetary prizes.

LB 722 also allows the Tax Commissioner or their agents to seize these devices. The penalty for possessing one of these devices is \$5,000 for each day it is in operation. For all penalties that are collected, 60% of the amount would be deposited into the General Fund and the remaining 40% would be deposited into the Charitable Gaming Operations Fund. It is estimated that this penalty will result in minimal positive impact to the General Fund and the Charitable Gaming Operations Fund.

It is estimated that there will be minimal cost to the Department to implement the bill.

Major Objects of Expenditure							
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures
Ranafite							
Operating Costs	Benefits						
Travel Control Outloy							
Capital Outlay Capital Improvements							
Total							