

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

| | FY 2025-26 | | FY 2026-27 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | \$5,000 | \$5,000 | \$5,000 | \$5,000 |

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

LB 280 adds that each authorized gaming operator shall cause an audit to be performed, at its own expense, of the annual financial statements, including a report on the internal control system, covering all financial transactions and affairs of the authorized gaming operator in Nebraska for the preceding fiscal year. The annual audit shall be performed by an independent certified public accountant who is, or whose firm is, authorized to practice accountancy in the State of Nebraska.

The required audit shall be completed and the annual audit report shall be submitted electronically to both the Auditor of Public Accounts (APA) and the Racing and Gaming Commission (Commission) within 6 months after the close of the fiscal year being audited unless an extension is granted in writing by the APA.

The APA shall review the annual audit report for errors in mathematics, improper accounting, or other deficiencies, especially any affecting the proper calculation of either the gross gaming revenue generated by the authorized gaming operator or the annual gaming tax imposed thereon. The APA shall report the results of the review electronically to the Governor, the Legislature, and the Commission.

The expenses of the review by the APA shall be paid from the Racing and Gaming Commission's Racetrack Gaming Fund.

The bill also adds that the APA may examine or cause to be examined at his or her discretion the books, records, funds, and accounts of an authorized gaming operator pertaining to the annual gaming tax imposed on the gross gaming revenue generated by such authorized gaming operator pursuant to section 9-1203. Such examination shall include, but not be limited to, an assessment of whether the annual gaming tax is being calculated, collected, and credited to the Property Tax Credit Cash Fund as required by law. The examination shall be done in accordance with generally accepted government auditing standards for financial audits and attestation engagements set forth in Government Auditing Standards published by the Comptroller General of the United States Government Accountability Office.

The APA shall submit a report of such examination to the Governor, the Legislature, and the Commission. The report submitted to the Legislature shall be submitted electronically. The expenses of the examination shall be paid from the Racing and Gaming Commission's Racetrack Gaming Fund.

The APA estimates Cash Fund expenditures of \$2,500 in FY26 and FY27 connected to reviewing audit reports only and no costs for the APA to examine gaming operators at their discretion over the FY25-27 biennium. APA estimates Cash Fund revenues to cover these expenses from payments from the Racing and Gaming Commission's Racetrack Gaming Fund.

The Commission estimates Cash Fund expenditures of \$250,000 in FY26 and FY27 to be paid to the APA from the Racing and Gaming Commission's Racetrack Gaming Fund, which would include any costs connected to the APA's review of audit reports and APA examination costs of gaming operators at their discretion. The Commission estimates incoming revenue to cover these expenses through assessing those costs to the gaming operator examined. Based on the estimates provided by the APA, we estimate the Commission's expenditures and revenues to be \$2,500 in FY26 and FY27. However, as the Commission estimates, if the APA does examine gaming operators, this could result in costs for the Commission and the APA of \$50,000 per gaming operator. The APA would receive revenue from the Racing and Gaming Commission's Racetrack Gaming Fund to cover these costs while the Commission would receive revenue from the gaming operator to cover these costs.

| | | | |
|---|--------------|--|-----------------------|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: 280 | AM: | AGENCY/POLT. SUB: Auditor of Public Accounts | |
| REVIEWED BY: | Jacob Leaver | DATE: 1/22/2025 | PHONE: (402) 471-4173 |
| COMMENTS: No basis to dispute the Auditor of Public Accounts' estimate fiscal impact as a result of LB 280. | | | |

| | | | |
|--|--------------|--|-----------------------|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: 280 | AM: | AGENCY/POLT. SUB: Racing and Gaming Commission | |
| REVIEWED BY: | Jacob Leaver | DATE: 1/22/2025 | PHONE: (402) 471-4173 |
| COMMENTS: The Racing and Gaming Commission's estimated fiscal impact appears overstated as a result of LB 280. | | | |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 280

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Auditor of Public Accounts

Prepared by: ⁽³⁾ Craig Kubicek Date Prepared: ⁽⁴⁾ 1/17/2025 Phone: ⁽⁵⁾ 402-326-3063

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|---------------|----------------------------|-----------------------|----------------------------|-----------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>\$0</u> | <u></u> | <u>\$0</u> | <u></u> |
| CASH FUNDS | <u>\$2,500</u> | <u>\$2,500</u> | <u>\$2,500</u> | <u>\$2,500</u> |
| FEDERAL FUNDS | <u>\$0</u> | <u></u> | <u>\$0</u> | <u></u> |
| OTHER FUNDS | <u>\$0</u> | <u></u> | <u>\$0</u> | <u></u> |
| TOTAL FUNDS | <u><u>\$0</u></u> | <u><u></u></u> | <u><u>\$0</u></u> | <u><u></u></u> |

Explanation of Estimate:

LB280 would require the APA to review audit reports submitted. The APA anticipates 8 hours per audit report filed including reporting requirements and completing an APA checklist. This would be an annual cost to the Racing and Gaming Commission's Racetrack Gaming Fund. The APA would only bill for actual hours. Any additional casinos added would increase the cost.

LB280 also allows the APA to examine the annual gaming tax. The APA did not include a cost estimate for FY25-26 or FY26-27 at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|------------------------------|-----------------------------------|---------------------|----------------------------|----------------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Audit Manager | <u><.01</u> | <u><.01</u> | <u>400</u> | <u>400</u> |
| Auditor | <u>.03</u> | <u>.03</u> | <u>2,000</u> | <u>2,000</u> |
| Benefits..... | | | <u>100</u> | <u>100</u> |
| Operating..... | | | <u></u> | <u></u> |
| Travel..... | | | <u></u> | <u></u> |
| Capital outlay..... | | | <u></u> | <u></u> |
| Aid..... | | | <u></u> | <u></u> |
| Capital improvements..... | | | <u></u> | <u></u> |
| TOTAL..... | | | <u>2,500</u> | <u>2,500</u> |

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Racing & Gaming Commission

Prepared by: ⁽³⁾ Rita Pracht

Date Prepared: ⁽⁴⁾ 1/17/25

Phone: ⁽⁵⁾ 531-310-4536

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2025-26 | | FY 2026-27 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | 250,000 | 250,000 | 250,000 | 250,000 |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

Explanation of Estimate:

NE Racing & Gaming Commission is estimating the cost from the Auditor of Public Accounts. This cost will be assessed back to the individual Casinos.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2025-26 | 2026-27 |
|---------------------------|---------------------|-------|--------------|--------------|
| | 25-26 | 26-27 | EXPENDITURES | EXPENDITURES |
| | | | | |
| | | | | |
| Benefits..... | | | | |
| Operating..... | | | 250,000 | 250,000 |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |