

ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016
COMMITTEE STATEMENT
LB970

Hearing Date: Monday January 25, 2016
Committee On: General Affairs
Introducer: Larson
One Liner: Change provisions relating to pickle cards and keno and authorize methods of payment for gambling

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	5	Senators Coash, Hansen, Hughes, Schilz, Larson
Nay:	2	Senators Riepe, Kolterman
Absent:		
Present Not Voting:	1	Senator McCollister

Verbal Testimony:

Proponents:

Joshua Eickmeier
John Adams
Bill Harvey
Gary Krumland
Larry Ayers

Representing:

Senator Tyson Larson
International GameCo, Inc.
Big Red Keno
League of Nebraska Municipalities
Ayers Distributing

Opponents:

Nate Grasz
Pat Loontjer
Glen Andersen

Representing:

Nebraska Family Alliance
Gambling with the Good Life
Self

Neutral:

David Geier
Hobert Rupe

Representing:

Commission on Problem Gambling
Nebraska Liquor Control Commission

Summary of purpose and/or changes:

LB 970 is intended to address various issues affecting charitable gaming in general, and specifically, pickle cards and keno.

LB 970 would allow any form of payment representing United States currency under the various Bingo, Pickle card, Lottery and Raffle Acts. Currently, only cash is allowed for keno transactions. This change recognizes the numerous technological advancements in how transactions take place and the subsequent reality that people do not carry around as much cash as they once did.

For pickle cards, these changes are intended to remove existing obstacles that may cause a potential operator to not participate or an existing operator to no longer want to sell pickle cards. LB 970 does the following regarding pickle cards:

1. Eliminates the requirement for a pickle card operator to purchase, lease or rent a pickle card-dispensing machine.
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2. Eliminates the prohibition on a licensed organization or pickle card distributor from offering their dispensing machine for free or below fair market value as a means to induce the operator from contracting with a licensed organization.
3. Eliminates the requirement that licensed organizations pay the distributor for the pickle cards upon delivery, but instead allows 30 days from delivery for payment.
4. Eliminates the requirement that licensed operators pay the licensed organization upon delivery, but instead allows 30 days from delivery for payment, and the prohibition on licensed organizations extending credit.
5. Increases the operator's maximum definite profit from 30 percent to 35 percent.
6. Increases prizes from 80 percent to 85 percent and decreases the tax on the definite profit from ten percent to five percent.

For keno, LB 970 allows the game to be played with electronic tickets, but would still require paper tickets to be available at the request of the player. The bill also eliminates the mandatory five-minute wait time between keno games.

Explanation of amendments:

The Committee Amendment does the following:

For the keno provision, the Committee Amendment strikes the section that would have eliminated the wait time in between keno games so that the wait time remains at five minutes.

The Committee Amendment includes LB 820, which would allow a licensed organization to conduct a lottery or raffle in which the winners are to be determined based on when a naturally occurring event happens. It also clarifies that the naturally occurring events be weather events. Participants would indicate on a ticket when the participant believes the event will occur. The licensed organization must comply with the applicable lottery and raffle acts.

The Committee Amendment also includes LB 862, which states the following:

Fantasy contest means any fantasy or simulated game or contest in which:

- (a) Winning participants are eligible to receive cash or any other item of value;
- (b) The value of all prizes and awards offered are established and publicized to the participants prior to the game or contest;
- (c) All winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sports events; and
- (d) No winning outcome is based on the score, the point spread, or any performance or performance of any single actual team or combination of such teams or based solely on any single performance of an individual athlete or player in any single actual event.

Additionally, the Committee Amendment clarifies the bill is intended to only apply to fantasy contest operators who offer fantasy contests for cash prizes to the general public upon the payment of an entry fee. It is not intended to apply to private contests such as those conducted by a group of friends or coworkers.

The Committee Amendment also includes the following licensing and consumer protection provisions:

1. Requires fantasy contest operators to be licensed in Nebraska by registering with the Department of Revenue and

paying a \$50,000 registration fee and an annual fee of \$10,000, but not to exceed ten percent of the total entry fees minus prizes.

2. Prohibits the fantasy contest operator, any relative living with the fantasy contest operator, employees of the fantasy contest operator, or any relative living with an employee from of the fantasy contest operator from participating in that operator's fantasy contest.

3. The Operator will Verify that participants are at least 18 years old.

4. Ensures that a person who plays or officiates in a game or contest that is the subject of any fantasy contest is restricted from participating in such fantasy contest that is determined on the accumulated statistical results of a team of players in a game or contest in which such person is a player or an official.

5. The operator will take reasonable steps to restrict a person's participation if the person requests that their access to play fantasy contests be restricted.

6. The operator will disclose the number of entries that a participant in a fantasy contest may submit and take reasonable steps to prevent the participant from submitting more than the allowed number.

7. The operator will protect the participants' funds buy segregating the fantasy contest funds of participants from the operator's operational funds and maintain an adequate reserve.

8. The operator will contract with a third party to perform an annual audit to ensure compliance with the provisions in LB 862. The audit results will be submitted to the Department of Revenue.

Tyson Larson, Chairperson