

ONE HUNDRED EIGHTH LEGISLATURE - FIRST SPECIAL SESSION - 2024
COMMITTEE STATEMENT
LB6

Hearing Date: Wednesday July 31, 2024
Committee On: General Affairs
Introducer: Blood
One Liner: Adopt the Fantasy Contests Act and provide a gambling exception

Roll Call Vote - Final Committee Action:
Indefinitely postponed

Vote Results:

Aye:	5	Senators Brewer, Hardin, Holdcroft, Hughes, Lowe
Nay:	1	Senator Day
Absent:	1	Senator Raybould
Present Not Voting:	1	Senator Cavanaugh, J.

Testimony:

Proponents: Senator Carol Blood	Representing: Opening Presenter
Opponents: Loretta Fairchild	Representing: Self
Neutral:	Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 6 amends sections 28-1101, 28-1105, and 28-113, and creates the Fantasy Contests Act which would allow fantasy sports contests to be offered to players via a digital platform by operators who are registered with the Department of Revenue.

Section 1: is new language establishing sections one (1) through seven (7) of this act as the Fantasy Contests Act.

Section 2: defines terms for purposes of the Act. Included are definitions for Confidential Information, Entry Fee, Fantasy Contest, Fantasy Contest Operator, Fantasy Contest Player, Gross Fantasy Contest Revenue, and Location Percentage.

Section 3: requires all fantasy contest operators to register with the Department of Revenue before they are authorized to operate any fantasy contests in the state. The application to the department must be accompanied by a registration fee of ten-thousand dollars.

An annual renewal fee of six percent of the fantasy contest operator's gross fantasy contest revenue for the preceding



twelve months is required each year, on or before each annual anniversary date of approval to operate in the state.

The department is required to remit all registration and renewal fees collected under this section to the Treasurer for credit to the General Fund.

Section 4: requires the department to consider each application filed for registration, and requires the department to issue a valid registration to any applicant who meets the criteria set forth in this act. The department must deny any application that does not meet such criteria.

Fantasy contest operators applying for initial registration or renewal of their registration are permitted to operate during the period pending application approval unless the department has reasonable cause to believe that the operator is or may be in violation of the Act, and the department requires the operator to suspend operation of any fantasy contest until the application for initial registration or renewal is approved.

The department is required to issue or deny any registration application within sixty (60) days of receipt of the application. If the registration is not issued, the department must provide the operator with the specific justification for not issuing the registration.

All applications made under this act are not considered a public record under 84-712 - 84-712.09 until made public by the department pursuant to section 3 of this act.

Section 5: requires the department to adopt and promulgate rules and regulations to implement and administer the Act. These rules and regulations must include, but are not limited to, rules and regulations: (i) to provide for the prevention of practices detrimental to the public interest and to safeguard the integrity of fantasy contests; and (ii) to establish the necessary scope of review of registration applications filed by fantasy contest operators.

This section also prohibits the department from adopting and promulgating rules and regulations that limit or regulate game rules governing the play of individual fantasy contests, the statistical components of a fantasy contest; or the digital platform of a fantasy contest operator.

Section 6: requires fantasy contest operators, as a condition of registration, to submit evidence to the department that the operator has established and implemented (or has the ability to establish and implement) commercially reasonable procedures for fantasy contests that prevent an operator, any employee or the operator, or any relative living in the same household as the operator or employee from participating as a player in any fantasy contest offered by a fantasy contest operator; prevent the sharing of confidential information with third parties that could affect any contest play until the information is made publicly available, prohibit a specific list of persons from participating in a fantasy contest based on the sport or competition in which the person participates or with which the person is otherwise associated. This list includes an athlete, referee, umpire, coach, or other individual who participates or officiates in a game or competition that is the subject of a fantasy contest; or any sports agent, team employee, or league official associated with a sport or athletic event that is the subject of a fantasy contest.

Operators of fantasy contests must verify that a fantasy contest player is nineteen (19) years of age or older, provide a player with access to information on responsible play and access to information on seeking assistance for compulsive gambling behavior; provide a player with information regarding the player's play history and account details; ensure that a player in a real-world game or sporting event is restricted from participating in a fantasy contest that is determined, in whole or in part, on the accumulated statistical results of that player, the player's real-world team, or the sport or competition in which he or she is a player.

An individual must be allowed to restrict himself or herself from entering a fantasy contest upon request to the



operator, and the operator must provide reasonable steps to prevent the person from entering any contest offered by the operator. The operator must disclose the number of entries that a player may submit to each fantasy contest and provide reasonable steps to prevent a player from submitting more than the allowable number.

An operator must also separate player funds from operational funds or maintain a reserve that exceeds the amount of player funds on deposit, which reserve may not be used for operational activities. The reserve fund may be in cash, cash equivalents, payment processor reserves, payment processor receivables, an irrevocable letter of credit, a bond, or any combination thereof, in the amount that must exceed the total balances of the accounts of all fantasy contest players; and the operator must prohibit the use of unauthorized third-party scripts on the platform.

Subsection (2) of this section prohibits a fantasy contest operator from offering a contest based on the performance of a participant in a collegiate, high school, or youth athletic event.

Subsection (3) of this section requires an operator to contract annually with a certified public accountant to conduct an independent financial audit consistent with the standards accepted by the American Institute of Certified Public Accountants and submit a copy of the audit report to the department.

Section 7: creates a civil penalty of not more than one thousand dollars for each violation, not to exceed five thousand dollars for violations arising out of the same transaction or occurrence for any person who knowingly violates any provision of this act, which shall accrue to the state and which may be recovered in a civil action brought by the department.

Section 8: amends section 28-1101 by adding the Fantasy Contests Act to the appropriate subsections regarding gambling activity under this section.

Section 9: amends section 28-1105 by adding the Fantasy Contests Act under the offense of possession of gambling records of a kind commonly used in the operation, promotion, or playing of a lottery or mutuel scheme or enterprise or other scheme not conducted to this Act, the Bingo Act, the County and City Lottery Act, the Lottery and Raffle Act, the Pickle Card Lottery Act, the Small Lottery and RAffle Act, the State Lottery Act, and the Nebraska Racetrack Gaming Act.

Section 10: amends section 28-1113 to add fantasy contests and the Act to this section in which nothing in this article shall be construed to prohibit or punish the conducting or participating in any bingo, lottery by the sale of pickle cards, lottery, raffle, or gift enterprise when conducted in accordance with the Bingo Act, the County and City Lottery Act, the Lottery and Raffle Act, the Pickle Card Lottery Act, the Small Lottery and Raffle Act, or the State Lottery Act.

Section 11: is the repealer section.

LB 6 Committee Memo

John Lowe, Chairperson

