

Revised based on additional information

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$47,900	\$40,000	\$25,050	\$2,266,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$47,900</b>	<b>\$40,000</b>	<b>\$25,050</b>	<b>\$2,266,000</b>

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

LB 6 adopts the Fantasy Contests Act.

“Fantasy contest” is defined as any online fantasy or simulated game or contest with an entry fee required for participation and in which:

- The value of all prizes and awards offered to winning fantasy contest players is established and made know to the player in advance of the contest;
- All winning outcomes reflect the relative knowledge and skill of the players and such outcomes are determined by accumulated statistical results of the performance of individuals, including athletes in the case of sports events; and
- No winning outcome is based on the score, point spread, or performance of any single actual team or combination of teams or solely on any single performance of an individual athlete or player in any single actual event.

The bill provides that no fantasy contest operator must offer any fantasy contest in Nebraska without first registering with the Department of Revenue (DOR), with certain exceptions. For an operator to be eligible for registration, they must be authorized to transact business in Nebraska and pay a registration fee of \$10,000. The annual renewal fee is 6% of the operator’s gross revenue for the preceding year. The department submits registration and renewal fees to the State Treasurer for credit to the General Fund.

DOR has rule and regulation authority to implement and administer the act but not for limiting or regulating the following:

- Game rules governing the play of individual fantasy contests;
- The statistical components of a fantasy contest; or
- The digital platform of a fantasy operator.

LB 6 also provides conditions for registration; prohibitions on the type of sporting event that may not be used as a basis for the contest; a requirement for auditing and reporting; additional definitions; and a civil penalty of not more than \$1,000 for each violation of the Act, not to exceed \$5,000.

Criminal provisions are amended to provide a person who conducts or participates in a fantasy contest in accordance with act is not engaged in gambling. In addition, the bill clarifies that supplies, equipment, etc. used in a fantasy contest in accordance with the act are not gambling devices.

For a similar proposal introduced in [LB 137 \(2019\)](#), DOR estimated the revenue from four fantasy contest operators registering in the first year, with annual renewal fees capped at \$10,000 each. This resulted in General Fund revenue of \$40,000 each fiscal year. LB 6 does not cap the annual renewal fee therefore the estimates provided by DOR reflect an average of industry reports on Fantasy Sports gambling data.

Revenues to the General Fund are estimated to be as follows:

FY25: \$40,000  
 FY26: \$2,266,000  
 FY27: \$2,379,000  
 FY28: \$2,498,000

The following operational expenditures would be necessary to implement the bill.

- A one-time programming charge of \$17,500 to make changes to the gaming license system; and
- Expenditures for 0.5 FTE Revenue Agent, costing a total of \$30,400 in the initial fiscal year and \$25,050 the following year.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB.  
RESPONSE

LB: 6 AM: AGENCY/POLT. SUB: Nebraska Racing and Gaming Commission

REVIEWED BY: Jacob Leaver DATE: 7/29/2024 PHONE: (402) 471-4173

COMMENTS: Concur with the Racing and Gaming Commission's estimate of no fiscal impact to the agency as a result of LB 6.

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFO:

Approved by: James R. Kamm Date Prepared: 07/29/2024 Phone: 471-5896

Table with 6 columns: Fund Type, FY 2024-2025 Expenditures, FY 2024-2025 Revenue, FY 2025-2026 Expenditures, FY 2025-2026 Revenue, FY 2026-2027 Expenditures, FY 2026-2027 Revenue. Rows include General Funds, Cash Funds, Federal Funds, Other Funds, and Total Funds.

LB 6 would establish the Fantasy Contests Act (Act). It would require operators of a fantasy contest to register with the Department of Revenue (DOR) by application on a form prescribed by the DOR. There would be an initial registration fee of \$10,000 by each operator. Operators would have to pay an annual registration renewal fee of 6% of their fantasy revenue from the preceding 12 months. Registration fees would be remitted to the State Treasurer for credit to the General Fund.

The DOR would be required to adopt rules and regulations preventing practices detrimental to the public interest and establishing the scope of review for applications.

LB 6 allows the DOR to bring a civil action to any person who knowingly violates any provision of the Act. The civil penalty shall not be more than \$1,000 for each violation, not to exceed \$5,000 for violations arising out of the same transaction or occurrence.

The DOR assumes four fantasy contest operators will register with the Department. The estimated additional revenues to the General Fund would be as follows:

Table with 2 columns: Fiscal Year, Revenue. Rows: FY 2024-2025 \$ 40,000; FY 2025-2026 \$ 2,266,000; FY 2026-2027 \$ 2,379,000; FY 2027-2028 \$ 2,498,000.

The Department will need 1.0 FTE Information Technology Business System Analyst to implement the bill.

Major Objects of Expenditure

Table with 9 columns: Class Code, Classification Title, FTE (24-25), FTE (25-26), FTE (26-27), Expenditures (24-25), Expenditures (25-26), Expenditures (26-27). Rows include Information Technology Business Systems Analyst, Benefits, Operating Costs, Travel, Capital Outlay, Capital Improvements, and Total.

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

2024

LB<sup>(1)</sup> 6

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> NE Racing & Gaming Commission

Prepared by: <sup>(3)</sup> Rita Pracht Date Prepared: <sup>(4)</sup> 7/26/24 Phone: <sup>(5)</sup> 531-310-4536

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____