

Transcript Prepared by Clerk of the Legislature Transcribers Office
General Affairs Committee July 31, 2024

LOWE: All right. Welcome to the General Affairs Committee. My name is John Lowe, and I represent District 37. I am Chair of this committee and will be conducting today's hearing. Today, we'll be hearing one appointment, two constitutional amendments, and three bills. If you wish to testify in person on any of the appointments before us, we ask that you fill out one of the green sheets of paper. They are over next to this pillar over here. They are located at the table over there. If, if you are here and do not wish to testify but wish to state your support or opposition for any of the appointments before us, we ask you to fill out the sign-in sheet. And if you wish-- if you do testify, please hand in your sheet to the committee clerk as you come up, right here. Please begin your testimony by stating and spelling your full name for the record, which is very important for our transcribers. The appoint-- appointee and introducer will be given an opportunity to open. Then we will hear the proponents, opponents, and neutral, neutral testimony for the appointee and each bill. We ask you to listen very carefully and not try to be very repetitive. We do use the light system in the General Affairs Committee. I'm looking-- I think we'll do a 3-minute on each bill. Each testifier is afforded the 3 minutes to testify. The green light signifies your start. When the light turns to yellow, you have 1 minute remaining for your-- for you to conclude your remarks. I will try to give you a heads up, because a lot of you read testimony. You're not looking up at the light. When the red light comes on, your time has expired, and we will open up the committee to any questions that we have for you. At this time, we'd like everyone to turn off their-- and silence their cell phones or any other electronic devices or anything else that makes noise. So you may see members referencing their iPads or phones or other electronic devices. I assure you, they are researching matters before us. If you have a prepared statement, an exhibit, or anything you would like to have distributed to the committee members, we ask that you provide 10 copies to our committee clerk. If you have 10 copy-- if you don't have 10 copies, don't worry. Provide what you have to the committee clerk. We can make copies and distribute them to the committee. With that, we will proceed to the introduction of our members, starting at my right with John Cavanaugh.

J. CAVANAUGH: Senator John Cavanaugh, District 9, midtown Omaha.

BREWER: Tom Brewer, District 43, 11 counties of western Nebraska.

HUGHES: Jana Hughes, District 24, Seward, York, Polk, and a little bit of Butler County.

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HARDIN: Brian Hardin, District 48, Banner, Kimball, Scotts Bluff Counties.

HOLDCROFT: Rick Holdcroft, District 36, west and south Sarpy County.

LOWE: Senator Hughes is our Vice Chair of our committee. And Laurie Holman is our committee counsel. And Andrew Shelburn, Shelburn, Shelburn is our committee clerk. And we have a representative from the Clerk's Office today to help us, as our pages are short in number. Don't be nervous. We have all sat in that chair before, and, and we are just like your neighbors, so don't be nervous about coming up there. With that, good afternoon. And I'd like to invite Janell Beveridge up and please take the seat. And welcome to our committee.

JANELL BEVERIDGE: Good afternoon.

LOWE: Good afternoon and welcome. Thanks for making the drive in today.

JANELL BEVERIDGE: Thank you.

LOWE: Please begin.

JANELL BEVERIDGE: Janell Beveridge, J-a-n-e-l-l B-e-v-e-r-i-d-g-e, and I'm here concerning the reappointment on the Nebraska State Racing and Gaming Commission. And I'd just like to say I'm willing and happy to do this. I've been on the commission before, and I know a lot about it. I have a little bit of seniority. And with all the changes coming about, especially with some changes in western Nebraska, about 20 miles from my front door, I feel I can bring needed expertise and experience. I don't know what else--

LOWE: OK. Thank you. How long have you served on the Racing and Gaming Commission? And--

JANELL BEVERIDGE: How long?

LOWE: Yeah. How long?

JANELL BEVERIDGE: 28 years. This will be 28.

LOWE: OK. So you have some--

JANELL BEVERIDGE: I, I, I, I started-- I was, I was appointed when-- back in the Ben Nelson years, just after Ak-- Aksarben closed, which was very game-changing to the racing industry. And I filled out a

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3-month term for a member that couldn't finish his term, and then they liked what I did so I've been reappointed since. And we've gone from a 3-person commission to a 5-person commission, and now we're 7. So things are changing. And I'm happy to serve. I have a little experience. My family-- I didn't, but my grandparents raced racehorses, and that was the original intent, what my interest is, and, and keeping that industry alive for the agricultural factor. And, and I, I was a bank president and owner for 20 years, so I brought a little bit of that expertise to it. And I, I very much support the racing industry.

LOWE: How has the gaming portion changed things in the commission?

JANELL BEVERIDGE: It's, it's changed very much to the fact that we've-- it was-- racing almost went away. It was without the-- Aksarben, the market, and the people breeding horses and getting the, the full fields. And our, our-- it was-- we did everything we could to keep it alive. And it's now-- and it actually was on a comeback. The people were starting to go again. The economy was letting them. They found social, not just betting and gambling, but social experience with, with going to the tracks and having fun. Families were going. And then the state voted in the gaming and tied it to the already existing gaming, which were the racetracks. And that is why they're combined, or together. And so, as far as changing it, it's just massively increased staffing and expertise. And, and our, our-- we went from like a 3-person staff to possibly 18, with all the compliance, and legalities, and attorney, and everything, all the things that are need-- brought to us, to our knowledge, to our knowledge. So they do, they do all the legwork, and we do all the-- we sit up there and do what you guys are doing, at our meetings. So yeah, it's changed it drastically, and hopefully brings some relief to some of our tax issues in the state, which is the purpose.

LOWE: Senator Hughes.

HUGHES: That's OK. It's summer. Thanks for coming in. Thanks for 28 years of service. That's impressive. Just in your opinion, do you think--

JANELL BEVERIDGE: This could be my last Olympics. We don't know.

HUGHES: I guess I should ask that, is it a 4-year term--

JANELL BEVERIDGE: Yeah.

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HUGHES: --or 2? OK. Four-year term. Do you think that with the casinos coming in, have you-- I mean, do you really think that's going to be-- that's been very helpful for the racing and the horse racing industry? I mean, have you seen the success from this so far, or is it still, just still out there to be determined?

JANELL BEVERIDGE: I think, I think it has seen success, and it's just in the new stages.

HUGHES: Yeah, it's gaming.

JANELL BEVERIDGE: I mean, they're not even fully-- they're just starting. And yes, it is bringing more people. There's more thoroughbreds-- Nebraska thoroughbreds being raised now. They're starting to restock the horses, horses. And yes, it has helped.

HUGHES: Thank you.

LOWE: Senator Brewer.

BREWER: Thanks for all of your service. Now, where is home for you?

JANELL BEVERIDGE: Paxton.

BREWER: Paxton.

JANELL BEVERIDGE: Ole's Big Game Bar.

BREWER: Everyone knows Ole's. So if we take a look at where things are right now, depending on how today turns out, we're going to add more to your plate. The, the issue that I get from western Nebraska, from law folks, is somewhere, west of, of Grand Island in Kearney, there should be a racetrack. How do you feel about that?

JANELL BEVERIDGE: I think that it is-- and the track that is out there is an existing license, so is grandfathered in. It's not a new license. Let it, let it be clear there. It's--we just didn't create one. It's a transfer from Adams County to Keith County, but it was one of the 6 existing licenses. So yeah, I think it's great, because they're going to be a quart-- their plan is to be a quarter horse track, and it will give the western Nebraska a draw. And it will also draw from the states around us. And I, I was not aware. I-- I'm kind of aware, but I was not aware until all of this came in front of us on the commission that there was such a big following of the quarter horse industry and the racing industry. There's-- down in New Mexico and Oklahoma and Kansas and all these other places, they have all

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this, this racing. And I believe, back in the day, I might have been taking my grandparents to these races. But I think Broken Bow had a track, and Madison, and some of those other ones. But quarter horse racing hasn't been in Nebraska except for the Hastings one, one race a year. And I think out there, there is a-- there's a real interest in it. I see a real interest in it. I see towns wanting them to come to help their community, their, their county. You know, there's negatives to it, too. There's going to be opposition, but the, the revenue is, is real.

BREWER: And if, say it was to be in Ogallala, can we draw from Colorado?

JANELL BEVERIDGE: Yes. I'm going to-- I will go out and say yes. You're going to draw from everybody coming down that interstate, one thing. But there's a lot of Colorado coming to the lake.

BREWER: True.

JANELL BEVERIDGE: And there's a lot of them staying there year round. And unless you're-- you hunt geese, there's not a whole lot out there to do in the winter.

BREWER: All right. Thank you.

LOWE: Thank you, Senator Brewer. Are there any other questions for Ms. Beveridge? Seeing none, thank you very much. And thank you for coming down. And we'll see if anybody is here to support you.

JANELL BEVERIDGE: Thank you very much.

LOWE: OK.

BREWER: Ouch.

LOWE: Well I, I know there's--

HUGHES: It's fine if there's nobody answers.

LOWE: I will now ask for proponents for Mrs. Bev-- Ms. Beveridge. Are there any proponents?

BREWER: Awkward.

LOWE: Are there any opponents? Are there any in the neutral? All right. Thank you very much, and we will consider your appointment. With that, we will move on to LR3CA with Senator Bostar.

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BREWER: Yeah. I'm trying to figure out the difference between this-- ones [INAUDIBLE].

BOSTAR: Well. Good afternoon, Chairman Lowe, members of the General Affairs Committee. My name is Eliot Bostar. For the record, that's E-l-i-o-t B-o-s-t-a-r, and represent Legislative District 29, here today to present LR3CA, a constitutional amendment to allow online mobile sports betting. In 2020, Nebraska voters overwhelmingly approved expanded gambling through a ballot measure. LR3CA will again give voters a chance to weigh in to approve mobile sports betting and utilize the economic benefits of regulated gaming. Nebraska is currently missing out on a \$1.6 billion state industry, and \$32 million in annual tax revenue, which instead goes to neighboring states like Iowa, Colorado, Kansas, and Wyoming. Legalizing online mobile sports betting through LR3CA could significantly boost state revenues dedicated to the Property Tax Credit Fund, addressing the burden of high property taxes. Thousands of Nebraskans are already crossing state lines each month to bet on sports, contributing to neighboring economies, with the majority of those bets going to Iowa. According to a recent study conducted by GeoComply, between January 1 and July 1 of this year, there were over 64,000 active individual mobile sports wagering accounts in Nebraska, with over 18,000 crossings into Iowa during football season alone. The demand for mobile sports betting is clear, and it's in our best interest to regulate and benefit from it. Nebraska's property taxes are among the highest in the nation, heavily impacting homeowners, farmers, and small business owners. Directing revenues from online mobile sports betting to the Property Tax Credit Fund can provide much needed relief. This is an opportunity to create a new source of tax revenue for property tax relief. In fact, Nebraskans are already in favor of the measure. Almost 60% of voters supporting-- support legalizing mobile sports betting, especially when they know it would generate \$32 million annually for state revenue. Support increases to 65% when the revenue is dedicated to property tax relief. LR3CA promises to increase state revenue and help the property tax burden. I urge you to support LR3CA and give Nebraskans the opportunity to vote on this important issue. And I would be happy to answer any initial questions that you may have.

LOWE: Thank you, Senator Bostar. Senator Holdcroft.

HOLDCROFT: Thank you, Chairman Lowe. You mentioned 60% supporting mobile. Where-- based on what, survey?

BOSTAR: Yes.

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HOLDCROFT: Whose survey?

BOSTAR: I actually think it had got some media attention, too, when it came out. It was a GPS poll, which I believe is guided to polling and strategies, conducted June 24-26 of this year.

HOLDCROFT: And what is that organization? I mean, what's its background? Just--

BOSTAR: It's a polling firm. It's a firm that does polling.

HOLDCROFT: OK.

BOSTAR: I believe that's the background on it.

HOLDCROFT: Thank you.

LOWE: Thank you, Senator Holdcroft. Senator Brewer.

BREWER: Thank you, Mr. Chairman. All right. So here's our dilemma, is, we're, we're trying to figure out how to solve the property tax problem. You've been a part of some of the work that went into developing LB1.

BOSTAR: Yes.

BREWER: Our challenge with LB1, obviously, from yesterday's testimony, is that no matter how you move things, you're going to gore someone's ox out of the deal, and someone's pissed. And if someone's pissed about this part of it, then they're against the whole plan. Now, we know that we could tweak this plan. But as you tweak the plan, what happens then there's someone else gets pissed off on the other side of things. And then pretty soon everybody's mad at everybody, and you're not moving forward with any ideas on how to fix property tax relief. The other part of this is there's such a focus on fixing property tax that, you know, short of public hangings, I'm not sure what's going to come out of this if we don't come up with a solution.

BOSTAR: Hopefully, not that one.

BREWER: Well, hopefully not that one, but I think there's probably some that might do it. Anyway, our situation here is you found a source for revenue where we're not taking a slice of someone else's part of the budget or, or whatever they're doing that we're going to take money from and move to. My concern is, is it sustainable? And then what are, what are the negative effects of it? And that, that

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will be my first question if you want to go ahead and jump on that, and then I'll follow up.

BOSTAR: Sure. Yeah. You know, is it sustainable? I think we're, we're seeing across the country that it is. There's, there's, from the looks of things, tremendous growth within this sector. So all indications point to a, a fairly robust amount of revenue. You know, are there negatives? Of course there are. You know, there are, there are folks who struggle with gambling addiction. It can be extremely disruptive and destructive to, to their livelihoods. There's no question about that. What, what I would say to that, though, is folks are already doing it in a number of ways. They're crossing state lines, or they're circumventing the geolocation technology in order to make it appear that they're somewhere they aren't, or they're accessing underground, un-- unregulated betting markets or foreign betting markets. These are all very popular. So a significant share, I believe, of those who would-- who want to participate in sports gambling are already doing so. We're just-- we are already absorbing the societal and social costs of having a gambling population that has access to gambling at their fingertips. We already are. We are just not getting any of the, the, the benefit, the economic benefit, the resources. Along with-- we're giving that away. We're giving that away to our neighboring states, to Iowa in particular. And so, you know, when everyone asks, well, how can Iowa, who was at 3.99-- we lower our income taxes to try to match them. And now, they're going to go even further down, and their property taxes are already lower than ours. How are they able to do those kind of things? Well, part of it is Nebraska is giving them a tremendous amount of money. I, I think we should keep that money. I think we should use that money to lower property taxes. And I think we should use that money, also, to help provide more revenue into the programs to help support folks who are struggling with gaming challenges and addictions.

BREWER: All right. So following up on your, your point there, is there-- because it's a, a CA, it doesn't break out the percentages that would go toward different pots. But your, is it LB13, does?

BOSTAR: Yes.

BREWER: OK. Then we'll, we'll shift fire when that, that comes up. All right. That's all I got for now. Thanks.

BOSTAR: Great.

LOWE: Thank you, Senator Brewer. Senator Cavanaugh.

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J. CAVANAUGH: Thank you, Chairman. Thank you for being here, Senator Bostar. So to kind of go off Senator Brewer, just talking about this is a CA, which means it has to go for a vote of the people, has to get 50% plus one, I think. Is that still right?

BOSTAR: Still right.

J. CAVANAUGH: Well, there's a lot of conversation about changing voting limits on certain things, but I think that's where we're still at on constitutional amendments. As of right now, it wouldn't be on the ballot in November. So what's the-- why are we talking about this right now?

BOSTAR: So, right. Within the, the statutory piece of this sort of pair, which is the legislative bill that will come up after this, there is a, there is a tweak to the timeline that would allow the CA to be placed on the ballot this November. And I think we're, you know, we're talking about this now because to some extent, time is of the essence. We-- you know, the Governor had a press conference, I think it was a week ago now, maybe, maybe a little bit more. Time flies when you're in special session. And the Governor had indicated his support for this particular initiative next session, which, you know, I, I think is great. But the reason we should do it now and not later, especially if we believe this is something the state is going to put to the people, is the difference in time between having it on the November ballot this year versus November ballot 2 years from now, is estimated to be \$100 million to the state of Nebraska. So if, if we think this is something that's going to happen, all we're doing by delaying is sending more Nebraskans' money to other states, instead of using it to help the folks right here in our constituencies.

J. CAVANAUGH: Thank you.

LOWE: Thank you, Senator Cavanaugh. There's something whirling around over here with Senator Brewer.

BREWER: Thank you, Mr. Chairman. OK. Now earlier, you mentioned \$32 million, or did you?

BOSTAR: Yes. So it's that--

BREWER: That-- that's initially what you would anticipate being the effect of it. But then, over a year, it becomes \$100 million? Help, help me thin that out.

BOSTAR: So it's, it's the difference-- it's about-- it's 2 1/2 years--

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BREWER: Oh, OK.

BOSTAR: --is, is where that adds up.

BREWER: Gotcha. Thank you.

LOWE: Thank you, Senator Brewer. You mentioned geofencing.

BOSTAR: Yes.

LOWE: And that people are able to get around geofencing.

BOSTAR: Correct.

LOWE: So are you saying geofencing isn't stable and we shouldn't pass legislation with geofencing in if people are able to get around it?

BOSTAR: What I'm saying is I think that-- I think, you know-- and I, and I, I think the industry will probably tell you that it's, it's very effective. And I think it is very effective, but it's certainly not perfect. I personally know people who bet on sports from their living rooms in Lincoln, on the mainstream apps. It's-- you know, it's not perfect. But I, I think that there's been a lot of investment put into trying to enhance those systems, trying to provide that, that safety, to ensure that people aren't betting where they're not supposed to. But it's like anything. There's-- we create a technological barrier and people find a way around them. I think it stops some people. I don't think it stops everyone.

LOWE: Thank you. Senator Hughes.

HUGHES: Thank you, Chairman Lowe. What is our age limit then, on-- is it still-- is it 21 for this, as well? For kids?

BOSTAR: This isn't-- this doesn't change--

HUGHES: This won't add anything, but then we'll set rules on it going forward.

BOSTAR: Yeah. This isn't changing anything on that front. As far as--

HUGHES: What would you anticipate-- like is that your LB13 then, or you don't set anything in that?

BOSTAR: No.

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HUGHES: Where-- when would that come out? When would we discuss ages and--

BOSTAR: Whenever the good folks at the General Affairs Committee deem appropriate.

HUGHES: The stuff I read says online gaming is getting younger and younger kids gambling, right?

BOSTAR: Yeah.

HUGHES: I have an 18-year-old son, and I know a lot of his friends even do it. So clearly they're getting around something, to do it here in the state of Nebraska.

BOSTAR: I mean not-- and it's not just the main-- kids right now can go online and log in to an Irish gaming website and place bets and transfer money around. I mean, it's--

HUGHES: Right.

BOSTAR: We can control the things we can control. And in a very, very interconnected, digital society, there are limits on our abilities to prevent people from accessing things that we don't want them to. So even if we got to a point where we said, you know what? The geofencing is perfect. No one can get past it. That doesn't actually solve the problem, because we're only regulating the folks that we can regulate. But accessing a foreign betting website, we, we don't have that reach. And they don't care that our young people are accessing it. They have no incentive to try to prevent that from happening, or unregulated, right here in, in the U.S. Right. There are places that there's a lot of money to be made, and so they're willing to take the risks of operating an illegal operation, just so that they can try to capture some of that. Because people will go there. You know, we're-- we are incentivizing the black market by not allowing a conduit for people to participate in a regulated environment. What do we expect is going to happen?

LOWE: Thank you, Senator Hughes. The wisdom of my legal aide has just notified me that gambling is 21, no matter what.

BOSTAR: Great.

LOWE: Legal age.

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BOSTAR: And, and I'll, I'll be honest with you. I, I don't gamble. But-- and, and I'll say this. Because we're going to hear from folks in this hearing. I don't fault anyone who is opposed to gambling, who thinks that there are problems with-- who thinks it's bad. I don't fault anyone for having that opinion. Because there are challenges. There are issues. It can be hurtful to people. I'm not trying to dissuade anyone of that. I'm just-- Nebraskans are already doing it. The, the big hurdle was casinos. Right. It's hard to, it's hard to circumvent our laws and get a casino experience, right. As soon as casinos became legal, that's-- that-- the brick and mortar is what's tough. The digital stuff, this online sports betting? Leaving out just this piece doesn't make any sense to me. We're already here, and, and we're already incurring the costs. People are already struggling with this. And it's-- it can be absolutely tragic, but it's already happening. And the folks who are the most motivated to participate in online sports betting, and frankly, the folks who are suffering with a level of addiction in this, do we really think that our current setup is keeping them from participating? I mean, this is the population that absolutely is participating. So let's get some of this economic benefit to our state, including getting more resources in to help folks who need it. That's why I support this. Anyway, I appreciate your attention.

LOWE: Thank you. And since you brought it up with the, the brick and mortar and, and everything else, do you see that if we pass this LR and the LB13, that that becomes a slippery slope then? Because we just passed gambling a couple of years back, and, and now we're passing gambling. And, and that gambling is in 6 places across our state.

BOSTAR: Yeah.

LOWE: And now we're opening up gambling to anywhere in our state, that somebody could then say, well, we're already doing it. Let's open up 6 more casinos dispersed out through the state, not on horse tracks.

BOSTAR: Yeah. I, I mean, I, I suppose that's a fair question. I think, I think the nature of brick and mortar is, is the difference between what we're talking about here with this and that. Right. If, if you don't, if you don't have access to a brick and mortar casino, you're not going to a brick and mortar casino, right? And so, I think that it's a fair argument to be made that by limiting the number of casinos, you are placing those limits on the population. Having a limit, a restriction placed on an online activity doesn't actually provide that limit. Right. And so I think, to me, that's how I, I see this very differently. Whether it's slippery, I-- I'll tell you right

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now. I would not support adding any more casinos to the state. I've got about 4 years left here. I promise you, there is at no point in time that I will support that.

LOWE: How, how about online casinos?

BOSTAR: I don't--

LOWE: Digital?

BOSTAR: So this is, this is where we get into a little bit of my unfamiliarity, right? Because I'm not a gambler, so I am not an expert in all of the opportunities that there are that are out there. I know what my friends do, particularly around sports betting. I've, I've had the opportunity to look into it because of other legislation. But as far as online casinos and things like that, I don't know what that really looks like. I, I can tell you that it doesn't sound like something that I think we should do. I think, I think we're on an OK path. I think the people overwhelmingly wanted this. They wanted access to gaming. They've, they've gotten it from the brick and mortar side in a limited way. And I think that that's good. I think it matches what the people asked for. And then, I think this is really following up on just what an overwhelming number of people are already doing, that we are just leaving resources on the table. Not even on the table. We're hand-- we're giving it away.

LOWE: All right. Thank you.

BOSTAR: Thank you.

LOWE: Senator Brewer.

BREWER: Thank you, Mr. Chairman. So just a follow-up, so that we, we have it correct. In order for LR3CA to do what you perceive it needs to do, it needs LB13 as a, a, I guess a, a, a part of it?

BOSTAR: So if we passed LR3CA without LB13, it would go on the ballot, but it would go on the ballot in 2 years. The LB just lets us-- part of what that LB does is lets us get it on the ballot this year, so that we can not wait on collecting that revenue.

BREWER: I, I just needed that clarified, so that we didn't unintentionally mess up what your vision is on this.

BOSTAR: Understood. Yeah.

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BREWER: OK. Thank you.

LOWE: All right. Thank you, Senator Bostar. Appreciate it.

BOSTAR: Thank you.

LOWE: Will you be sticking around to close?

BOSTAR: Absolutely.

LOWE: We're more fun than Revenue.

BOSTAR: You know what?

HUGHES: Are we, though?

BOSTAR: You are right.

LOWE: Thank you. We'll now take opponents-- or proponents. Are there proponents?

LANCE MORGAN: I guess you get a place down there.

LOWE: Go ahead.

LANCE MORGAN: Oh. My name is Lance Morgan, and from Winnebago, Nebraska. And I'm the CEO of Ho-Chunk and also WarHorse. And obviously, we're the person--

LOWE: Could you please spell your name, Mr. Morgan?

LANCE MORGAN: Oh, L-- L-a-n-c-e M-o-r-g-a-n. I didn't know there was going to be a test. Now, obviously, we're the group that did the casino gambling initiative, and it passed with 65, 65, 65%. So there's-- there was support for that. When we did this sports betting, when we started it, sports betting really wasn't legal in the United States, only in like a couple of states. Since then, it obviously has become legal, and we have it here. And mobile sports betting is legal in 30 states, and I think there are 8 more who are considering it at this time. And we certainly didn't do this with mobile sports betting in mind. But everywhere I go, people ask me about it, especially in rural areas. And I live in a rural area-- because they don't necessarily have access to one of the gaming facilities. They want to, they want to be able to do it on their phone, or they're already doing it. I was at my-- I asked my-- I just go around asking people if they support this or not. And my neighbor said he certainly does. Because then, at it-- last fall, at a football party, all his friends left at

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halftime to go cross the river at Sioux City to make a bet. And so it's clearly, it's clearly already happening. In Iowa, when they went to mobile sports betting, it grew by ten fold. And, and we extrapolated that number. We're about two thirds of the population. That's where we came up with the \$1.6 billion industry. That, that turns out to about \$150 million in revenue, and that's about-- the tax rate is 20%. That's where the \$30-32 million comes in. It's \$150-160 million. There were 4 million attempts to try to bet that were blocked by geofencing last year in this state, 4 million, which is-- which tells you people like it. Six months ago, we did a poll to see whether or not we would do a, a study-- or to see if we can get it on the ballot through signature gathering. 58% of the people supported it if it related to property tax relief. When this came up, when, when the Governor said he was going to push for a special session, we thought, well, maybe this is another opportunity. Because we decided not to do the, the, the signature gathering effort because we're focused on growing the facilities. And we did another poll that actually-- we didn't, the gaming industry did, the, the sports gaming industry, and it was 65%. I'll finish up here. The thing we like, 65% now support it. So it's grown a lot. There's some-- this is new tax revenue. It's not a shift. As-- although we're shifting from Iowa, which is going to lose \$100 million. The governor told me, of Iowa, that they're going to lose \$100 million to Nebraska in casinos, in, in tax revenue. And that's what they're anticipating. It'll also shift from illegal bookmaking operations. And I want to make one thing super, super clear. We do not support online casinos. I think that this-- some-- I think Senator Bostar said that we're on the right path. And I think that's right. I think that online casinos would be a step too far, I think, for the average Nebraskan. And I don't support that in any way. And, and I would end with I would urge democracy to take place, you know, people-- let-- give them a chance to vote on it. And then, I think that politically this may not be palatable, but letting people decide is the American way.

LOWE: Thank you, Mr. Morgan. I appreciate you coming down here. And I wish you were coming down because I'm having a beef processed up in Wisner, and you could have brought it down to me and I just could have taken it home. I have to go up there tomorrow. Senator Brewer.

BREWER: Thank you, Mr. Chairman. Well, for some of us that have been around this for a while, we have got a pretty good handle on what we did in order to move things to where it is now, but because-- unless you're involved with it, it's hard to have oversight to understand where things are. If you were to kind of give us a Reader's Digest

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version of where, where are we at with casinos? Where are we at with the-- what, what was passed and what we were hoping for?

LANCE MORGAN: So the horse tracks, the 6 horse tracks were authorized for gaming. We're involved in Omaha, Lincoln, and South Sioux City. Columbus has now opened a small facility. Fonner Park had-- Fonner Park in Grand Island has a, has a temporary facility, and they're building the larger one. We have a temporary one to open in Lincoln. We're going to double the size of that November 1. And next Tuesday, the phase 1 of Omaha will open. And next April, the next one, the, the larger phase of Omaha will open. And we will start construction on the new track in South Sioux City next year. South Sioux City has taken a little bit of a back seat because Omaha and Lincoln are just so much bigger, but that will eventually get done, too. And Hastings has moved to Ogallala, which makes sense, I think, to spread it out from the east and central part of Nebraska to western Nebraska. And, and sports betting is legal, and it's, and it's pretty popular. In Omaha, it's in a double-wide trailer, and a lot of people show up just to do that. So-- and they say they-- they'd rather go there than go to Iowa. So.

BREWER: So then, Omaha is going to morph and change how in the next year?

LANCE MORGAN: Well, next Tuesday, it's going to open. And it-- it'll be a pretty sizable facility. We'll have remodeled the existing Horsman Park facility, but we're more than doubling the size of it with an addition that's under construction now. So it'll be a full-blown casino. It'll have a little-- some minimal amenities at this stage, but the next phase will have expanded gaming, more offices, and restaurants, and entertainment, and that sort of thing. And the Horsemen are also expanding their operation there. They're our landlords. They take a portion of the gaming revenue as rent, and they push that into horse racing. So we don't really have anything to do with that, but it-- and with-- their goal is to drive more racing and put more money into the rural parts of Nebraska. And we're, we're 100% supportive of it.

BREWER: OK. Thank you.

LOWE: Thank you, Senator Brewer. Senator Holdcroft.

HOLDCROFT: Thank you, Chairman Lowe. Thank you for coming in. As we've heard, the gambling age in Nebraska is 21. And obviously, if you go to a brick and mortar casino, they're going to ask you for some kind of

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identification. If you're using a mobile app at home, how do you guarantee that that user is a 21-year-old or older?

_____ : Good question.

LANCE MORGAN: We've, we've contracted with DraftKings, and FanDuel, and BetMGM. And they have pretty rigorous-- I mean, I, I guess I don't know the details, but they're very focused on where you are and how old you are and having to prove it. I mean, they have a lot of liability issues at stake. And, and the-- and our conversations, and that they can speak for themselves on this, with the Nebraska Racing and Gaming Commission. They're very focused on, on that type of safety and protecting the integrity of gaming in Nebraska. So I'm not a IT expert, but I know that the companies are very focused on, on making sure that they don't have liability alleging younger people gambling.

HOLDCROFT: And to follow up, I mean, if you're in a casino, typically you can't let-- you can't bring in your 15-year-old and let him play a game in the casino. But obviously, at home you could log in and pass off the di-- the, the-- so you see, you see where I'm going here, with-- I think you lose some of the security of a brick and mortar casino when you move it to a, you know, your, your iPhone.

LANCE MORGAN: Well, I, I certainly agree that's a possibility. That seems like a real parenting challenge to me, though. If your 15-year-old is making a bet. I guess I, I can't say that bad things can never happen. I think that putting some parameters around it and regulating it probably makes more sense than leaving it as the Wild West, as what's going on right now.

HOLDCROFT: OK. Thank you.

LOWE: Thank you, Senator Holdcroft. Senator Hardin.

HARDIN: To follow up on Senator Brewer's comments about summarize it for us. Can you tell me a little bit more about the horses, the stock, where they come from? Do they all have to originate from Nebraska? Where does that sit, whether it's thoroughbred or quarter horse racing?

LANCE MORGAN: I, I am not-- I have experts behind me. But I, I do know that in or-- a certain number of races have to happen with Nebraska bred-- thoroughbred stock. And I think that there's been an effort to increase the amount of thoroughbreds being born in this state, in order-- in anticipation of some of the increased gaming dollars coming in. We anticipate the Horsemen alone will get somewhere around \$20

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million to pump into the system, which includes building facilities and supporting races, and they don't have any individual owners. Their sole goal is to promote horse racing. And so there is-- and even in our company, we don't have an individual owner. And so I think that you're going to see a lot of money pumped into the horse racing industry. That's their-- the Horsemen Benevolent Protective Association. So they, they will make sure that that happens to the extent that they can. But to answer your question, a certain number of races have to be Nebraska-bred thoroughbreds.

HARDIN: Thank you.

LOWE: Thank you, Senator Hardin. Senator Hughes.

HUGHES: Thank you, Senator Lowe. All right. I just want to-- because I don't-- I'm like Eliot. I don't do this stuff, but I have been in the casino. Online sports betting today, in Nebraska, if you do it legitimately, I would go into WarHorse Casino. I know I have to scan my ID when I go in to prove I'm 21. And then once I'm in there, I can just hop on my phone to get on like this DraftKing website to do it, right, because it's allowed in our casinos today.

LANCE MORGAN: Well, right now you have to go to the casinos in Nebraska to make a physical bet.

HUGHES: It's a physical bet. So it's not online, even in the casino.

LANCE MORGAN: And it's not-- you can't even do it on your phone inside the casino at the moment, because our software doesn't--

HUGHES: That's what I needed to know.

LANCE MORGAN: --allow that.

HUGHES: OK.

LANCE MORGAN: It's, it's very expensive to do that. And if this happens, then there's no point doing that. So we have our own sports betting platform inside the facilities, but we would contract with the large companies that do this.

HUGHES: So that-- because I was like, why do you want to do it? Because right now, I have to go in and physically do it. But you've made an arrangement with the online--

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LANCE MORGAN: Yes. So the next bill has a provision in that-- it usually-- in the states where they do this, since the brick and mortar facilities have already invested hundreds of millions of dollars, they usually are allowed something called a skin, where they can get a mobile betting platform to, to work with that facility. And so it's-- otherwise, we would be sitting here probably against it. But since we've partnered with DraftKings and FanDuel and BetMGM, that would allow us to make sure that our investment in the original facility is protected. And, and overall, it helps our industry instead of creating competition. So they're our partners, so to speak.

HUGHES: So will DraftKings and FanDuel do that with every casino in the state of Nebraska?

LANCE MORGAN: No.

HUGHES: Or you guys got them first, so you have the Nebraska [INAUDIBLE].

LANCE MORGAN: Well, I can assure you we got them first. So this has happened, this has happened in other states. And if you're not with one of the larger entities, then you're really-- it's like Myspace versus Facebook, right, on the Internet. And we wanted to make sure that we weren't Sears versus Amazon, and, and have the old technology. And so we proactively signed up these companies in case this ever happened. And, and the minute it becomes legal, is our contract with them kicks in and we become partners. We just didn't want to be left out in the cold.

HUGHES: And then, one more question. When I'm watching sports, like all-- over the winter or whatever, I see a ton of ads for FanDuel, DraftKings in the state of Ne-- I mean, I'm watching Huskers play, and it's on that. Why are they advertising here if we supposedly don't have online gambling, or they're just doing it because they know people are doing workarounds to get to it or--

LANCE MORGAN: I think some of those advertisers are national.

HUGHES: Yeah. It just [INAUDIBLE].

LANCE MORGAN: And-- but I also think they have the, the fantasy football. I used to do fantasy football with my son on DraftKings, and it's perfectly legal to do. And so maybe that's part of it. But really, they're trying to build brand recognition, because it-- there's sort of an oligarchy that's developed in this industry. And if you're not one of the-- the top 4 make up 90% of the industry. And so,

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it's, it's all about advertising at this point, to build market share. And I think that's the standard practice on the Internet right now.

HUGHES: OK. Thank you.

LOWE: Thank you, Senator Hughes. Are there any other questions? Seeing none, thank you, Mr. Morgan.

LANCE MORGAN: Thank you.

LOWE: Other proponents. If you're a proponent, please move up to the front row so we can hurry this along. Welcome.

DANNY DiRIENZO: Thank you, Chairman Lowe and members of the committee. Thank you for the opportunity to testify today. My name is Danny DiRienzo. My first name is spelled Da-n-n-y. My last name is spelled D-i-R-i-e-n-z-o. I'm the senior director of government relations for GeoComply. And we've already had a lot of conversation about geofencing and circumventing geolocation checks. I have a whole paragraph in my statement addressing that, but I think I'm actually, in the interest of time, I'm going to save it for questions. Chairman Lowe, hopefully your, your question still exists, and I can, I can put some of your concerns at ease. I spent 25 years in federal law enforcement investigating all kinds of illegal gambling operations. So I've seen the, the ugly side of, of online sports betting. I also spent some time as a regulator of online sports betting in the state of Tennessee, where I live. So I've seen the positive side of online sports betting. I'm going to talk a little bit about our company, and then I'd like to get to the, the, the research that we've done on, on this market here in Nebraska and, and review those numbers with you. By way of background, GeoComply is a global leader in geolocation technology. The company supports regulated online sports betting, casino, poker, iLottery, advanced deposit horse wagering, and daily fantasy sports operators in 44 U.S. states to ensure compliance with federal and state regulations. GeoComply is an approved geolocation service provider in all the states that regulate online sports betting and gaming, including your neighboring states of Iowa, Kansas, Colorado, and Wyoming, just to name a few. Our software is validated by both government and independent testing laboratories. Each day, we process upwards of 20 million geolocation checks. GeoComply's technology and data is used to detect suspicious and illegal activity, in addition to maintaining compliance with federal and state law. GeoComply works closely with industry stakeholders to protect consumers against frauds such as identity theft, account takeovers, payments fraud. These are all consumer protections that do not exist

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in the illegal sports betting market, which is today readily available to Nebraskans. If you can flip to page three of the handout that I gave you, you can see in the past year, roughly. So July 1 of '23 to June 30 of '24, GeoComply has blocked 4.5 million geolocation checks within the state of Nebraska. That's 4.5 million times a device inside the state of Nebraska was attempting to engage with a legal sportsbook in another state. Those 4.5 million checks returned to 118,000 unique sports betting accounts. And year over year, that's a 45% growth rate from what we detected from 2022 to 2023 during the same time period. Page 4 of your handout talks about an 84% year-over-year increase in the number of Nebraskans crossing the border to bet legally. 2023 to 2024, we detected 40,000 border crossings. That's the same sports betting account, same device, crossing the state line in subsequent geolocation checks. As you can see, the vast majority of those 82% went to Iowa. The last page, in fairness, I haven't researched every cornfield in the United States, so I'm taking a bit of leap of faith on this. I actually don't know if this is the busiest cornfield in the state in the U.S. I suspect it is, but you can see off the first exit, 680 heading into Iowa, there is literally nothing there. And GeoComply processed 500,000 geolocation checks. I, I would submit that is not organic Iowa sports betting traffic. That is very likely all related to Nebraskans crossing the border to place a legal wager. Happy to yield any questions, sir.

LOWE: All right. Thank you very much, DiRienzo-- Mr. DiRienzo. Are there any questions? Senator Holdcroft.

HOLDCROFT: Thank you, Chairman Lowe. Thanks for coming in. I'm a little confused because, one of the reasons Senator Lowe said we should allow mobile betting is because we're doing it anyway. The people are doing it illegally. But that seems to be contrary to what your, your data shows here, as far as being able to block current-- I mean, how do you reconcile those, those 2 statements?

DANNY DiRIENZO: Yeah. I'm not sure that in my mind that those are contrary statements. So to be clear, the data that I presented to you is solely from the legal betting market. GeoComply does not service any of the illegal betting market. Right. So illegal betting sites that are available today. If you want Google right now and search. How do I bet legally on sports in Nebraska you will see a return of websites that are all illegal black market websites, but can be utilized by Nebraskans today, and frankly, throughout the U.S., right. It's not just here. We don't service that industry. So the data you're looking at doesn't include any of that. OK. What this does show is that the-- there is a demand for a legal market within the state of

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Nebraska. OK. We have 118,000 accounts, sports betting accounts, legal sports betting accounts that were geolocated in the state of Nebraska. Those 4.5 million attempts that I referenced were all blocked by our technology. In other words, you can access the site, but you cannot place a wager because you are not in the confines of a legal betting market. That is why you see such-- the vast amount of border crossings, right? Those are people that cannot sit on their couch and bet on DraftKings or FanDuel, as you guys referenced-- as you all referenced. Instead, they're getting in their car and driving to Iowa, Colorado, Kansas, to place that legal wager where they can legally bet. Now, if I can add one more comment to that, to me, that speaks to a demand for a legal protected market, right? If you can sit on your sofa and go to an illegal website and bet, which you can today in Nebraska, yet people are still opting instead to hop in their car and cross the border, to bet legally where they have consumer protections in place. I think that speaks to the demand that exists right now in this state, for that legal and protected market.

HOLDCROFT: Thank you.

LOWE: Thank you, Senator Holdcroft. Senator Brewer.

BREWER: Thank you, Mr. Chairman. All right. So this page here where you've got the 2 hot spots, just so we have this correct, what this is as you are able to go and take a look at where you get pings. And this is basically showing you a, a pocket of activity. And that activity correlates to, generally, Carter Lake. Is that accurate?

DANNY DiRIENZO: Yes, sir. What-- the visual that you're actually looking at is a heat map. So what it does, is it-- yes, sir. It aggregates the number of geolocation checks into a heat map, almost like a weather map.

BREWER: Oh. All right. Thank you.

LOWE: Thank you, Senator Brewer. I saw you in the crowd, so I wanted to make sure I brought up the geofencing. And, and so, Senator Bostar says that they get around geofencing, has friends that do it. He doesn't do it, but those dastardly friends. What do you say about getting around geofencing?

DANNY DiRIENZO: Sure. Thank you for the question, Chairman Lowe. My first response to that is there are-- we are not the only geolocation service provider in this industry. And like any industry, there are good products and there are less good products. So I'm, I'm not

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certain what Senator Bostar is referring to. But what I will say is that our compliance grade technology is vastly different than that commercial geolocation technology I referenced earlier, like Uber uses, right? If you order an Uber, Uber is using commercial grade geolocation technology to figure out where you are and where to send that car to, to pick you up. If you have a fake location application on your phone, which allows you to alter your GPS coordinates, Uber doesn't care. If you want to make it look like you're standing at the Omaha airport, rather than out in front of this Capitol building, Uber doesn't care. They're going to send a car to pick you up. If you're not there, they're going to charge you regardless, right? They don't need to dig any deeper to figure out is this data that we're scraping from the device reliable? Is it trustworthy? We go far beyond that for compliance grade geolocation. We have tens of thousands of rule sets and logic built on the back of hundreds of millions of geolocation checks conducted over the past 10-plus years, that pick up everything from VPN usage, any IP address anonymizer, we pick up remote desktop programs, fake location apps, like I mentioned, hundreds and hundreds and hundreds of bits of software, anything that can allow you to alter your true location. We use multiple data sources to geolocate a device in the gaming industry. We don't rely on IP address. We factor that into the equation, but we use things like Wi-Fi triangulation, GPS triangulation, cell tower triangulation, and a-- and Bluetooth technology, and a combination of all of those things to determine the true location of that device. I haven't researched this, but I would submit to this committee, and I'm happy to pull this up and provide it to you at a later date, there is nobody in our system-- I hate to use absolutes-- I would be-- fall over backwards shocked if anybody in the state of Nebraska was able to circumvent geolocation on-- with one of our sportsbook partners. We have hundreds of teams globally. That is their sole job, to update our systems routinely for the latest location-spoofing threats. Every time a new device is manufactured, we own it, we test it, we try and hack it. There is-- the extent that our technology goes to prevent circumvention of geolocation is far beyond any legal requirement that exists today. And again, I think the data that shows people actually crossing the border to wager proves that out. If they could circumvent geolocation, there's no reason to jump in your car and drive to Iowa.

LOWE: Thank you. And I think that ends our questions for you, so thank you very much for coming in today.

DANNY DiRIENZO: Thank you all for your time.

LOWE: Good afternoon.

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DAVID ANDERSON: Chairman Lowe, members of the General Affairs Committee, thank you for giving me your time. My name is David Anderson, D-a-v-i-d A-n-d-e-r-s-o-n. I'm a third generation horseman. I, I am the vice president of the Nebraska Horsemen's and Benevolent Protective Association. I have been a member of the Nebraska Thoroughbred Breeders Association for 50-plus years. I've been a licensed thoroughbred trainer in the state for 40-plus years. I've been a witness to some of the greatest racing in this nation and Nebraska, and I was also witness when that great racing was diminished by the closing of Omaha-- Aksarben in Omaha. It was diminished further when we lost State Fair Park when the fair moved to Grand Island. But I was on board when we bought our property in Omaha and Lincoln, to try to keep thoroughbred racing alive in this state. I'm happy to say that I am also a witness to the beginning of the resurrection of our great industry, from our partnership with Ho-Chunk and the Winnebago people and WarHorse casinos. I am here to tell you what we are doing with our revenue and what we would do with revenue, revenue from mobile sports betting. We have an agreement in place with Ho-Chunk that would give Horsemen a piece of every mobile sports bet placed with the 2 largest, largest providers in the country. This would be an additional infusion of revenue to revive horse racing in Nebraska. When we took over Lincoln in 2015, we only had enough money to build a facility and a racetrack. We did not have enough money to build barns, racing offices, to do the infrastructure, the, the water, the sewer lines, electric-- electrical, basically all the things you really need to run a race meet. This lack of infrastructure has limited our ability to have an extended meet of any kind. We are proud to say we are currently building our first barn here in Lincoln, and we will keep adding more barns as we bring in more revenue, to build until we have the 900 stalls to run an extended meet. The sole purpose of we Nebraska Horsemen is to promote and conduct live racing. Putting LR3CA on the ballot would help us get to our goal much quicker. Thank you. Can I answer any questions?

LOWE: Thank you, Mr. Anderson. Are there questions? Senator Brewer.

BREWER: Thank you, Mr. Chairman. So you hear the reference to Nebraska Horsemen. Explain how big a group is that and what's their primary mission?

DAVID ANDERSON: The HBPA has an affiliation of over 400 members at this time. They are trainers, owners. And we, we, as the HPBA, deal with issues involving race tracks where we run, we have contracts, in terms of simulcasting, how the purse structure is set up. So that's what the HBPA is in place for. The Nebraska Breeders is a separate

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organization that you have to belong to to raise Nebraska-bred horses, thoroughbred horses.

BREWER: And as we're looking at the 6 tracks and being able to have a Nebraska, Nebraska bred and born horse in certain races in order to, to meet the requirements, is it realistic that we're going to have enough horses to do all of that?

DAVID ANDERSON: We were-- in terms of the Thoroughbred Nebraska Breeders Association, our numbers dwindled to-- from back in the heyday when we had 500-plus fulls born every year to just a hair over 30 a couple 3 years ago, until--

BREWER: 30. 3-0.

DAVID ANDERSON: 3-0. I think it was 35, actually, Senator. That-- with the passing of the expanded gambling bill in 2020, that number jumped to over 100. And we do expect, with the number of racing days hopefully extended, that number will continue to grow. As the casino revenue that helps fund our purses, as the purses grow, we'll see a larger influx of horses. And I do believe we will have an ample amount of Nebraska-breds to fill the races required to run.

BREWER: All right. Thank you.

LOWE: How long does it take a horse-- or what age does a horse start racing at?

DAVID ANDERSON: We start racing them as two-year-olds. Not here in Nebraska, because we, once again, didn't have enough recently, but around the country. And even this fall in Lincoln, we're going to try to run a two-year-old Nebraska-bred race. And they can race till they're 12. Most of them don't last that long because of lack of ability, injury, age. But you can start running them, in answer to your question, as two-year-olds.

LOWE: All right. Thank you. Are there any other questions for Mr. Anderson? Seeing none, thank you very much for clarifying.

DAVID ANDERSON: Thank you.

LOWE: Go ahead.

LORI THOMAS: Good afternoon, Chairman Lowe and members of the committee. I'm Lori Thomas, L-o-r-i T-h-o-m-a-s, testifying in support of LR3CA. I'm the chief operating officer of the Nebraska Horsemen's

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Benevolent and Protective Association, otherwise known as the Nebraska Horsemen. I oversee operations of 2 thoroughbred race tracks in Nebraska, which are Horseman's Park in Omaha and Legacy Downs here in Lincoln, as well as the simulcast operations at both of these facilities. We are a member-driven, not-for-profit organization that exists solely for the benefit of our Horsemen membership, which, as Dave just said, is made up of men and women who own or train thoroughbred racehorses. And because we don't have shareholders or investors, all of our revenue goes directly back into the racing industry, which primarily supports ag and ag-related jobs. Because of the expanded gambling initiative of 2020, which allowed gaming inside of racetrack enclosures, we have a revenue sharing agreement with our gaming partner, Ho-Chunk Inc. This has allowed us to once again make considerable and much needed investments in our racetrack facilities and infrastructure. We have rebuilt a new 7/8 furlong track here at Legacy Downs. As he also mentioned, we are building barns. First one is being built right now. This year, we are thrilled that we will have our first real live race meet in Lincoln since State Fair Park closed back in 2012. We will run live on September 20 and 21, 27 and 28, here in Lincoln. We will steadily increase the number of days in both Lincoln and Omaha while we continue to increase purses. With this ongoing casino revenue, we will build more barns. And eventually, we will develop an RV campsite that's right on our property, so that our Horsemen can live and be near their horses during our extended live meets. That's really important to anyone that has animals. You need to be near them to raise them and take care of them. But perhaps the thing we're most excited about is our future ability to provide additional benevolence, dental care, and primary physician care to the Horsemen and the back-side employees who are traditionally in an underserved healthcare population. Like many in the ag industry, our Horsemen are frequently self-employed and their work can be migratory, migratory in nature, so medical care and health insurance are increasingly difficult to obtain. All of this growth and reinvestment is made possible through the revenue sharing agreement that we have in place. If LR3CA is passed, this additional revenue stream will fall under the same structure that we enjoy now with the bricks and mortar casino. So thank you for considering your support of LR3CA. I'd be happy to answer any questions you have.

LOWE: Thank you, Ms. Thomas, and perfect timing. Are there any questions? How many race days are you planning to have this next year?

LORI THOMAS: Lincoln will have, Lincoln will have 4 in 2024. And next year, we are aiming for 15 in Lincoln and 5 in Omaha. Overall, the entire state, right now we have to run 53, I believe it is. I always

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say it wrong. It might be 52. But collectively, the 5 tracks have to run 52 or 53 in order to continue simulcasting. So in 2026, that number jumps up to 5 race days per track. And in 2030, that moves all the way up to 15 race days per track.

LOWE: It's, it's better for the horses and Horsemen if you have a long-- a more spread out time period of, of, of 10-day or 15-day grace period. Is that correct?

LORI THOMAS: Absolutely. So as a horseman, I think you want to bring your horse into a track, and, and be there and train, allow your horses to get comfortable, get used to it. And also, just the, the sheer expense of logistical needs that come with moving horses from stall from one track to the next, so a longer meet is certainly better. And, and our goal is here to create the old Nebraska horse racing circuit that we used to all enjoy. So you go from one track to another, and then your, your Horsemen stay home. They don't have to go out of state to make a go of it.

LOWE: All right. Thank you very much. Seeing no other questions, thank you.

LORI THOMAS: Thank you.

LOWE: Next proponent.

TYLER PETERSEN: Good afternoon, Chairman Lowe and members of the General Affairs Committee. My name is Tyler Petersen. That's T-y-l-e-r P-e-t-e-r-s-e-n, and I am the project manager for construction of the backside racetrack area for the Horsemen. I'm an employee of Chief Construction, part of Chief Industries, based out of Grand Island, Nebraska. I've been on the Lincoln project for the Horsemen now, from the beginning, starting with the total rehab and rebuilding of the racetrack itself a couple of years ago. That work now has rolled into building the stall barns on the south side of the track. As Lori mentioned, we have the first one going up currently, right now, and then also related structures for them on the rest of the property there in southwest Lincoln. I'm happy to say that I'm also a witness to the beginning of a great place for Horsemen to make a living in this community. I've seen the long-term plans for the area, and it looks like my team is going to be pretty darn busy out there for quite some time, along with plenty, of course, the local subcontractors and vendors that we're working with. Their long-range plans, as we understand, are to fully, fully build out the backside support area for the care of several hundred horses while they run live. I've been

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told they intend to run the second week of May after Fonner, and eventually run through the summer and into the fall, just as they used to at State Fair Park. They've been keeping us busy for a while now, and been told they intend to keep going as they gather revenue from their casino partnership. If mobile sports betting is put on the ballot, they could then accelerate their plans a bit to begin their live racing sooner than anticipated. They want to build these barns to hold roughly 6 to 900 different horses, structures for offices, administration, and viewing. And then also, of course, the infrastructure to support them, such as water, sewer, power, and data, and later aim to build out the RV park so they have a place for Horsemen to stay near their animals, as previously mentioned. The Horsemen group made a point of hiring an in-state company to perform their work and want to keep this money turning over within the state. Our company certainly appreciates that, as we always aim to do the same, as well, by hiring the local subcontractors. I simply wanted to share with you what the Horsemen are doing with their portion of the revenue, and how it's going to be a great thing for the state of Nebraska. If you have any questions, I'd be happy to answer.

LOWE: Thank you, Mr. Petersen. Are there any questions? Seeing none, thank you very much.

TYLER PETERSEN: Thanks.

LOWE: Are there other proponents? Are there proponents? Opponents. And if you'd like to move up to the front seats, that would be helpful, too, so we kind of have an idea.

NATE GRASZ: Good afternoon. My name is Nate Grasz, N-a-t-e G-r-a-s-z. I'm the policy director for Nebraska Family Alliance. We and the thousands of parents and families we represent are opposed to the bills before you today, because we are not going to gamble our way out of our state's property tax problem, not at the expense of our kids, and not on the backs of our student athletes. These proposals stand to benefit the gambling industry, not ordinary Nebraskans. That's why you heard from lobbyists for the gambling industry. But there are no parents demanding that their children be exposed to more gambling, that we make it easier than ever for people to gamble directly from their bank accounts without ever leaving their home, or that we encourage strangers to gamble on the athletic performance of our sons and daughters at the expense of their safety and well-being. Sports betting is already legal in Nebraska at the casinos, which were supposed to have provided tax relief. And it's the same people who sold voters on casinos with promises of property tax relief 4 years

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ago, who are now trying to force a casino into every home in our state. We heard a lot about money during proponent testimony, but we didn't hear anything about where that money comes from. Nothing about how over 50% of online gambling revenue comes from addicted gamblers, or how personal bankruptcies have risen 28% in states with online sports gambling, and nothing about what's best for kids and families. Online sports gambling is the next public health crisis. It is destroying young people's lives and exposing children to harmful levels of aggressive marketing that is normalizing gambling for kids. Experts continue to warn we are headed into a crisis of gambling addiction and financial ruin among young people. Treatment clinics are grappling with record levels of calls from an alarming rate of younger patients. After legalizing online sports gambling, helpline calls increased 91% in Connecticut, 276% in Massachusetts, 387% in Virginia, and 425% in Illinois, all while illegal gambling increased rather than decreased. Numerous sports betting scandals have rocked both professional and collegiate sports recently, but the bigger scandal is the ease at which state governments are treating their own citizens as an expendable means of state revenue. Gambling is the single most regressive, unreliable, and harmful form of revenue because it exploits the vulnerable, increases social costs, worsens state budgets, and hurts families. But gambling operators don't pay for these costs. Taxpayers do. That's why if there's any property tax relief to be found, it's not in this room, just more broken promises and broken families. We urge the committee not to advance any of the proposals before you today, because state government should protect and rather not exploit its own citizens. Thank you.

LOWE: Thank you, Mr. Grasz. Are there any questions? Yes, Senator Hughes.

HUGHES: Thank you, Senator Lowe. Can you-- thanks for coming in, Mr. Grasz. Can you tell me the stat again? It was 20% increase in bankruptcies of states that--

NATE GRASZ: Yeah.

HUGHES: --overall bankruptcy? Just get-- just read that again. I was just trying to--

NATE GRASZ: Yeah. Thank you for the question, Senator. In states that have legalized online sports gambling, analysis, multiple news agencies have reported there have-- there's been a 28% increase in personal bankruptcies.

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HUGHES: Just from online gambling?

NATE GRASZ: Correct. In a study controlling--

HUGHES: They might have had casinos there before, but--

NATE GRASZ: Correct. Controlling for other factors in states that have legalized online sports gambling, they have seen a 28% increase in personal bankruptcies.

HUGHES: OK. Thank you.

LOWE: Senator Hardin.

HARDIN: Did you say that illegal gambling percentages did not go down but actually increased?

NATE GRASZ: Senator, thank you for the question. And that-- that's correct. What we've seen time and time again, despite what the gambling industry says, is then-- when you bring legalization, you increase access, acceptability, and advertising dramatically. So you increase the number of people who start engaging in the activity. But illegal gambling operators can continue to offer winnings that are tax free. They can offer different or Betfred odds, and they don't have to play by the same rules as the legal gambling operators do. So it just-- it, it increases the amount of people engaging in the activity and drives more people, in the long run, towards illegal operators.

HARDIN: Follow-up?

LOWE: Yes.

HARDIN: Given that there are numbers that have been suggested, in terms of what this helps in terms of tax revenue for things like property taxes, do we have any idea what portion the gambling businesses themselves make?

NATE GRASZ: Yeah. Well, again, I think particularly when it comes to online sports gambling and the way that these bills are structured, is that licensed casinos in Nebraska would partner or contract with out-of-state sports betting operators who would get a piece of all of the revenue. So any revenue that the state of Nebraska would expect to collect would be a small fraction of the total wealth that was lost by Nebraska citizens. And I also will point out, we've heard a lot of different figures and how a lot of people are going over to Iowa. Well, in the most recent fiscal year, the state of Iowa collected \$14

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million in revenue from online sports wagering. They have a population of 3.1 million, and we're also told a lot of that is coming from Nebraskans. So I think any revenue that we would expect to see would be less than that. And simultaneously, we're also going to decrease revenue from the state lottery. You're going to decrease your, your sales taxes. And again, you're also going to increase the social costs through increases in addiction, and bankruptcy, and broken families that are paid for by all taxpayers, regardless of whether or not you gamble.

HARDIN: Thank you.

NATE GRASZ: Thanks for the question.

LOWE: Thank you, Senator Hardin. Senator Brewer.

BREWER: Thank you, Mr. Chairman. Matt [SIC], we had a chance to talk up in the Rotunda, and I've had a number of folks-- yesterday was kind of a Congo line and people coming in to tell me, you know, why we're making a good decision or a bad decision. And, you know, the bottom line is there's a lot of folks that are not in agreement with, with the Governor's plan. And I've tried to, to say, OK, I understand that you don't like what he's doing here, but can you help me to understand how we should do it different? Because we know what's going to happen if we continue doing what we're doing. Because for the 8 years we've been in here, we've seen it go up each year, and in sometimes, proportionately, a lot more than we anticipated. And we tried tweaks to, to keep it from going up. And then for some reason, they move the lever here. And then, what we thought was a good idea didn't turn to be such a good idea. So this is a avenue that they're throwing out there, where you could go to revenue, where you're not taking it directly away from somewhere else. But is there something that we should have looked at in a way of revenue that would help us wrestle this monster of property tax?

NATE GRASZ: Yeah. It's a, it's a great question, Senator. There's a lot of different ideas and proposals, and I would suggest that most, if not all of them are better than what's in front of this committee today. Because in the long run, when states start relying more and more on gambling revenue, people only have so much money that they can lose. And so once that revenue starts to deteriorate, the state is incentivized not to protect public interest, but to incentivize more citizens to come back to keep gambling and losing more money. There's been national studies that show states that start new revenue streams from gambling see momentary bumps in revenue, but those increases

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deteriorate, often quickly. And over time, decline and reverse. And so if we're serious about property tax relief, online gambling is not the solution. It will shift the tax burden to people who are addicted and problem gamblers. It will increase bankruptcies and addictions and broken families, and it will create a new set of problems that the state and property taxpayers will, will have to pay for. I wish there was a silver bullet answer I could give you to that question. If I could, I'd probably be making a lot of money somewhere else if I could answer that question. But I can tell you that these bills are not the solution.

BREWER: OK. Thank you.

LOWE: Thank you, Senator Brewer. Any other questions? Mr. Grasz, thank you very much.

NATE GRASZ: Thank you.

LOWE: Dr. Osborne, always good to see you.

TOM OSBORNE: It's good to see you. My name is Tom Osborne, T-o-m O-s-b-o-r-n-e. And I'd like to begin by saying that I'm certainly very supportive of efforts to reduce property taxes. And I, I appreciate the senator's concern. The only thing I can say is promoting online sports betting will not result in a net benefit to Nebraska taxpayers. There's been considerable research over the years that has shown that gambling revenues produced a net loss of \$3 for every 1 tax dollar received. And that may sound crazy, but let me think, think through this with you just a little bit. Gaming losses contribute to higher crime rates, bankruptcies, divorces, and negative circumstances for children of problem gamblers. And we work with those kids. In Teammates, we've mentored 47,000 kids, and the biggest problem that I see confronting our country today is what's happening to our young people. And I'll guarantee you, that child of a problem gambler does not have a very good future. Gambling losses contribute additionally-- money for gambling-- gambling cannibalizes normal expenditures for housing, clothing, transportation, food, and education. And there's a lot of research that shows that the speed and convenience of gambling is the big-- greatest predictor of, of gambling addiction. And when you can pick up your phone or get on a computer and bet as much as you want as quickly as you want, I can guarantee you there will be increased addiction and increased costs. Online sports betting is particularly damaging because people often bet with their team loyalties to excess. Recently, college athletes in a neighboring state were found to have bet on their own games. This resulted in penalties

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for the athletes, their teams, and cast a negative specter concerning competitive integrity. And that's the state right next door to us. Finally, having been involved in athletics for much of my life, I can attest to the fact that the most intense criticism and negative circumstances that coaches and athletes have is often not just due to losing on the scoreboard, and often results from not beating the point spread, not meeting such metrics such as number of turnovers, yards lost, yards gained, points scored, etcetera. The athletic contest becomes less of a sporting event and more of a gambling exercise, with the gambler's financial security at risk. And so I would urge you not to, to advance LR3CA. Thirty states have online gambling, I heard today, but there's 20 that haven't. And that doesn't mean that progress means that you just go with the flow. Sometimes, you buck the flow. If all of the revenue [INAUDIBLE] going to Iowa was that beneficial, you would think that Council Bluffs would look like Abu Dhabi. It doesn't.

LOWE: Dr. Osborne, your time has expired. Maybe somebody will ask you a question so you could finish your thoughts. Senator Hardin.

HARDIN: Do you have anything you would like to add?

TOM OSBORNE: No. No. I've talked enough. So, thanks for listening.

LOWE: Thank you. Are there-- Senator Holdcroft.

HOLDCROFT: Thank you, Chairman Lowe. Thanks, Coach, for coming in. How many games are we going to win this year?

BREWER: That's not [INAUDIBLE].

TOM OSBORNE: We're going to win more. We have a better team.

LOWE: Thank you, Senator Holdcroft. Senator Hughes.

HUGHES: Thank you, Chairman Lowe. Thank you for coming in. So I have a question, and it, it doesn't-- it's on LB13, and I think it's on another bill later. And I'm just going to ask it for you now, because I don't know if you're going to talk about the other ones. Part of the proposals are to remove-- when, when they put gambling in, they-- you could not gamble on our teams. So you could not gamble on the Huskers, when it's an in-state team. Right. Oh, yeah, when they're playing in-state. When they're playing in-state, you cannot gamble on the Husker team. There's 2, I think 2 bills that remove that stipulation so that you would be able to. Do you have an opinion or-- on that? And I would like to hear it.

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TOM OSBORNE: Well, now, I used to have an unlisted number when I was coaching, for about the first 10 years. And every Saturday night, the phone would start ringing, in particularly if we lost. And these were not pleasant conversations. And so I want you to understand that players going back to the dorm, if they fumble or something bad happens, it's not easy. So you're out there, you got 80,000 people watching and a whole bunch more on TV, and you're 18, 19, 20 years old, and you have a lot on your shoulders. And you don't need to have gambling problems exacerbate that problem. Coaches are paid, and they, they, they can live with it. I did get an unlisted number eventually. I was tired of those phone calls. But I can tell you that they-- the negativism gets pretty extreme, and many of you would not realize what it's like.

HUGHES: Thank you.

LOWE: Thank you, Senator Hughes. Senator Brewer.

BREWER: Thank you, Mr. Chairman. We'll get you-- if we, if we go back, I mean, all the way back to when you ran for Governor, you have been opposed to gambling, really from the get go. Is that, is that fairly accurate?

TOM OSBORNE: That's true.

BREWER: And you've seen how it's kind of morphed with the decisions to, to go to the racetracks and, and the casinos. This, you see, is probably a, a decision that's going to maybe be more detrimental because of who it's going to impact, with the, the access to, to phones and computers, or as-- just kind of curious where you, where you are with the amount this is going to impact as opposed to what's already happened.

TOM OSBORNE: Well, Senator, it's a lot easier to pick up your phone or sit down in front of your computer and gamble and then try to catch up when they start losing, than to walk into a casino or go someplace physically and have to place a bet. And, and I think you're going to find way, way more kids. I mean, kids that are in junior high school are pretty good at accessing the Internet and using phones-- high school kids. And they can run up a debt pretty fast. And, and sometimes, people, the more they lose, the more they try to catch up. And eventually, they dig a hole that's almost impossible to get out of. And I see this being very dangerous, particularly for young people.

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BREWER: Thank you. And I apologize for missing our Sunday workouts at Madonna. I'll try and improve in the future a bit.

TOM OSBORNE: Well, I haven't been there either, Tom.

LOWE: Thank you, Senator Brewer. Other questions? Seeing none, thank you very much.

TOM OSBORNE: Thank you.

LOWE: Other opponents?

JONATHAN KRUTZ: Chairman Lowe, committee members. Thank you all for your service to Nebraska. My home state. Senator Hughes, I'm just excited to see you here, a former employee of mine.

HUGHES: You're John Krutz, right?

JONATHAN KRUTZ: Yes. My name is Jonathan Krutz.

HUGHES: That's what I thought. I am sitting here going, God, that guy looks familiar. OK.

JONATHAN KRUTZ: J-o-n-a-t-h-a-n K-r-u-t-z.

HUGHES: I detasseled.

BREWER: Easy, Senator. Jesus.

JONATHAN KRUTZ: Ah, we had good times. I have a Ph.D. in public policy and administration and an MBA from the University of Iowa. I'm retired from the College of Business and Economics at Boise State University. My research on gambling impacts and policy, policy decision-making, so exactly what we're doing here. It's because of my involvement I have been led to serve as president, president of the board of the national Stop Predatory Gambling Foundation. We are active in these kinds of fights in other states, including Georgia, which defeated online sports betting, including Minnesota, which defeated online sports betting, including Alabama, which defeated online sports betting, all this year, for good reasons. Let me share a few things about gambling that you may not be aware of, and then share why the notion that we're already doing it is inaccurate. We know from studies in Connecticut and Alberta, Canada, that some 70-80% of gambling revenue comes from gamblers who meet addiction criteria. They aren't entertained. They aren't exercising free market choice. They are hooked with an addiction that the American Psychiatric Association recognizes as on

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par with opioids, methamphetamine, and heroin. With online sports betting, gamblers are enticed with \$500 risk-free bets that in the small print, they have to gamble away thousands of dollars in order to redeem. And once they have their own money in the system, they're kept gambling by additional free bets-- free bonus bets. In fact, 20% of the roughly \$2 billion spent this year to promote online sports betting is going to these free bets to lure addicts back to gambling when they try to get away. On these apps on the phones, you can bet nearly as fast as a slot machine. We're not talking about who's going to win the next game or how many games are we going to win this season. We're talking about is the next pass going to be a completion? Is he going to drop the ball? Is this going to be a kick? You're betting on in-game activities as fast as a slot machine, 24 hours a day, 7 days a week, on worldwide sports. Ping pong in Romania, it's constant. And it's all in your pocket. We know from Rutgers University, the top 10% of online gamblers in New Jersey bet an average of 166,000 times in 2019. Betting at that rate indicates an obsession with gambling. And since the house always has an edge, betting that often statistically guarantees those gamblers are losing big. Some can afford it. Most get into financial trouble. We also know from New Jersey, that 10% of college students meet gambling addiction criteria, and that young people, including teenagers who cannot gamble legally, are now the number one demographic calling gambler help lines there. Research from UCLA and USC released earlier this month shows that when online sports betting is legalized in a state, debt, bankruptcy rates, debt collections, auto loan delinquencies increase substantially while average credit scores decrease. The effects are largest for young men in low-income counties. This proposal doesn't offer free money from nowhere, wonderful as that would be. You can't get gambling tax relief money without creating thousands of new addicted gamblers. I'm going to skip down and just point out the question of do we have online sports betting already? The evidence offered is that some people drive across the border to bet on their phones, and others, out of curiosity, have tried and failed to sign up. No doubt others are also accessing it illegally. But legalizing and promoting the activity will increase it exponentially. We do not have anywhere near \$160 million in online sports betting happening in Nebraska now.

LOWE: Thank you very much. Your time has expired. If you have something else, maybe somebody will ask you a question. But, are there any questions? Senator Hughes.

HUGHES: Good to see you. Thanks for coming in. Did you want to add any more detail that you have? I-- go for it.

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JONATHAN KRUTZ: Well, thank you for asking. We also know that when online sports betting was legalized in Massachusetts, illegal online sports betting grew from 4 to 18% of gamblers. Legalizing is going to make revenue drain to illegal sites increase, not end. That was my last [INAUDIBLE].

HUGHES: Thank you.

LOWE: Thank you, Senator Hughes. Are there any other questions? Seeing none, thank you for coming. Appreciate it.

JONATHAN KRUTZ: [INAUDIBLE] for being here.

LOWE: Other opponents? Hello. Welcome.

LORETTA FAIRCHILD: There.

LOWE: Nice to see you.

LORETTA FAIRCHILD: Thank you. My name is Loretta Fairchild, L-o-r-e-t-t-a F-a-i-r-c-h-i-l-d. Thank you, Senators, for all you do to keep the good and life in Nebraska. As you decide what to do with this constitutional amendment and the bill, please keep your focus on who will be the losers, not just on those you wish to help. You have already heard a lot of facts from opponents and a lot of promises from the proponents. Please pay attention only to the realities of the long, sorry history of state-sponsored gambling in Nebraska. The lottery. Remember that far back? Was in-- came in as a new, fun way to solve all of Nebraska's tax problems. If that was true, why are you in session this summer? Senator Ernie Chambers told all of Nebraska over and over about the evils of state-sponsored gambling. And he was correct. But we choose to ignore reality and cling to false promises. Why aren't we horrified that our state government is pushing lottery tickets and more gambling so rich people can lower their own tax bills again? Once gambling on sports was first brought up, Coach Tom Osborne told us a lot about the grim realities and how hard it made his job. Most Nebraskans believed him and still do. Nebraskans have never voted on sports betting. A small number of individuals have worked for years to push for sports betting, starting well before the casino/horse racing group got together. They used what I consider to be devious and deceptive legalese to slide sports betting in without putting the words in front of voters. Please don't continue this farce and deception. You have already received clear facts and multiple reminders of the nature of damage inflicted on families and individuals by addictions. You have the power in your hands to create

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a new dawn in Nebraska, one that creates a fresh beginning by repudiating sports betting in all forms and under all labels. Please save the Legislature's time this session by letting both of these, LB13 and LR3CA die in committee. Please ask lots of questions about-- of the proponents, about what makes sports betting a good idea. And who are the individuals inside Nebraska who expect to personally profit from getting it legalized here? Thank you for listening with open hearts.

LOWE: Thank you, Ms. Fairchild. Are there questions? So you doubt the money that the state-- that will come in for property tax relief?

LORETTA FAIRCHILD: That is not the issue. The issue is leadership. I will speak to this again on a couple of the other bills. But the issue is the role of the Legislature in saying to Nebraskans and our children, this is a good idea. You are helping the state when you go to the racetrack, and you-- now obviously, the proponents are very interested in fostering the casinos and the racetracks. The tribes are doing a good job of managing their money, but none of that is relevant to the role of the state in leadership.

LOWE: Thank you.

LORETTA FAIRCHILD: You have an obligation to look past the money and focus on what is beneficial. I'll wait for the next one.

LOWE: All right. Thank you very much. Are there any other questions? Seeing none, thank you very much. Are there other opponents?

GLEN ANDERSEN: Been sitting there too long. My name is Glen Andersen, G-l-e-n A-n-d-e-r-s-e-n, and I, I guess I take a little different tact today. We analyze this up and down. How can we harvest more money from the, from the taxpayers? And the concern I have is how we're treating the people that are supplying these taxes. In regard to gambling, I truly do not understand the connection that Nebraska has had and will have with gambling. It just doesn't seem like the Nebraska way, not the way to treat its citizens. I would ask, who is your neighbor? And who is your neighbor? We've had the lottery here for-- in our state for years and years. Nebraska operates it and advertises it. It is the less fortunate, economically, who are the ones most vulnerable to this form of gambling. We know that. So does that seem like a moral standard that we should be utilizing? It seems like an inequitable source of revenue for the state of-- like Nebraska. We have recently initiated casino gambling in Nebraska. Well, it's way fancier than standing in line for a lottery ticket at a gas station, so I suppose

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it's a different clientele than the lottery. But technology keeps advancing. Now, technology allows us to place an online bet without standing in line for a ticket or even driving across town for-- to the casino. The means of placing a bet is getting more and more efficient, yet humans still have the same "capergalities." This type of gambling is faster and much more addictive, especially addictive to young men from ages 14-22. Lives will be ruined. Some lives lost to addiction. Yes. Speed and efficiency. We are getting better and better at separating money from the pockets of our citizens, but it is a terrible way to raise revenue. Only a small portion of the money lost by the gamblers reaches the state coffers. It is also immoral for the state to be taking advantage of those susceptible to gambling. The people I know, the Nebraska I know is better than this. We value and want the best for our neighbors. Thank you.

LOWE: Thank you, Mr. Andersen. Are there questions? Senator Brewer.

BREWER: All right. You kind of hit a nerve with me, so we're going to, we're going to dive into this. Understand that I think of a lot of the hard calls we've had here, this one is really one of the hardest in many ways. Because what a number of ranchers and farmers have told me-- and part of the problem right now, is western Nebraska is being depopulated. It's being depopulated because the property taxes are so high they can't pay them, and they're leaving. So my dilemma is I don't like gambling because I've seen how it's impacted some folks, but I even-- I'm much stronger in my dislike of seeing the depopulation of my district. And their point is, as much as gambling is horrible, the loss of the property I've had for generations in my family is more concerning to me than the gambling issue. So, do you kind of understand why it's-- it's a hard decision, because I understand what they're saying. And I agree, that the loss of the very property that generations have fought to keep because we have taxed them to a point they can't do it anymore, is, is the true challenge that we have in figuring out what right looks like.

GLEN ANDERSEN: Yeah, well, there's been studies prove that especially bringing in the online gambling is a loss to the overall economy. How can this make things better is my question. In regard to your question about how we generate more taxes without so much property tax, I certainly don't have an answer.

BREWER: Well, I just-- I want you to, to just remember that it is not a cold, easy decision, because you're trying to balance a number of things. And if what yesterday's testimony appears to be and that there seems to be a pretty sizable group that are against the Governor's

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plan, then we're going to have to figure out some solution. We got to figure out some way to help the property tax or we'll continue to depopulate. And a lot of that depopulation goes to bigger outfits, bigger ranches that may not even be folks from Nebraska-- part of a bigger corporation. And I, and I think that's the doom of the future of Nebraska if we, if we keep moving down this road. So we're at a critical point now, where we have to figure out a solution. We have to figure out how do we, how do we bring this down so we don't break their backs, and we're able to, you know, have a future for those that are paying property taxes and, and won't be able to continue if we, if we keep moving forward at the rate we're moving.

GLEN ANDERSEN: I completely agree with your explanation. However--

BREWER: Well, I--

GLEN ANDERSEN: However, I, I go back to my original argument that the overall economy is reduced because of the costs of gambling. I mean, a lot of this revenue goes out-of-state from the casinos. It's-- it costs money to build a casino. It costs money for the horses. And there's got to be profit in there. And so, a small part of what the gamblers lose we get for the state of Nebraska. We're losing a lot more money than we're bringing into the state.

BREWER: If we were to say, split the decision in the sense that LB13, which would actually be what would become the law, is set aside and it only becomes an opportunity to have a vote of the people, do you think that would be a reasonable option?

GLEN ANDERSEN: I'm not sure I understand the question.

BREWER: OK. Well, what you're testifying on right now is LR3CA. OK.

GLEN ANDERSEN: Yeah.

BREWER: So that would mean that's a constitutional vote that they would have during the election, as opposed to the bill, which would go onto the floor and make a-- would be a vote of the senators. So if you take that out and you just give it to the people as a vote, do you think that's a, a reasonable option, to see how they decide?

GLEN ANDERSEN: I don't think that will work for-- from my standpoint.

BREWER: OK.

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GLEN ANDERSEN: Because the-- it will be marketed as to all the income that the state will get. It will not be marketed in re-- in regard to the cost to the taxpayer, to the-- those who become addicted. It-- that, that will hit a very small part of the marketing program.

BREWER: Well, I, I, I, I think you're thinking it through, and, and that's good. That's, that's what we need you to do. So, thank you.

GLEN ANDERSEN: OK. Welcome.

LOWE: Thank you, Senator Brewer and Senator Andersen-- or Mr. Andersen. Didn't mean to demean you there. Thank you. Other opposition? And after this LRCA, we will take a short comfort break, for about 15 minutes.

PAT LOONTJER: Good afternoon, Senators. I'm Pat Loontjer. I'm the executive director for the past 29 years of Gambling with the Good Life. We've opposed any form of gambling for all that time, except that which was already established before 1995. But what we've, we've learned is that gambling is the most regressive, unreliable, and harmful form of state revenue because it exploits the poor, the financially desperate, and it increases the social costs.

LOWE: Could you please say and spell your name, Pat?

PAT LOONTJER: Pat, P-a-t L-o-o-n-t-j-e-r, pronounced "lunger." It eventually increases social costs, it worsens state budgets, and it deceives the public, and it hurts families. With online sports betting, people can gamble directly from their bank accounts without ever leaving their homes or having any human interaction. The results for children have been devastating. Sports betting severely harms children, and it will radically change the way that children consume sports. Research shows that in states with online sports gambling, the high frequency of sports betting advertising has normalized gambling for the kids. Calls to the-- if you heard, calls to the gambling addiction hotlines have more than doubled, and bankruptcies have risen 28%. The ultimate goal, it's like the camel's nose under the tent, you know, with-- when we got the, the casinos. Is-- not sports betting. It's not that big of a revenue. It's to have the casino on your phone. That, you know, that's their hidden goal. The threats to the integrity of competition and harassment of athletes have increased dramatically. We've all seen results of the Iowa colleges, and how young athletes got caught up in the sports betting scandals, and it ruined their lives. And I think that's what Tom Osborne is primarily interested in, is how-- and he expressed that today, with the phone calls that he got

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as coach, and, and the rest of the, the kids, how they're pressured. You can imagine what this will do if sports betting, betting gets on-- on-line. Nebraskans deserve real solutions, not proposals to expand gambling on the back of our coaches, student athletes, and our children in general. Gambling with the Good Life has fought successfully to prevent expanded gambling for 25 years. In 2020, when we lost that battle after our opposition had spent \$7 million to promote the fact that there would be property tax relief, which is a lie, we're now facing 6 casinos. And the lie is being told once again. And we're asking that you don't believe the lie. National statistics show that for every \$1 a state gains from gambling revenue, it's going to cost them \$3 in social costs. This doesn't even take into account the heartache that the losers face and the devastation to families and businesses. We need time for the new casinos to be operating and studied before we add even more gambling to the state. It's way too soon to expand before we know the facts. Two more sentences. The state has a duty to protect its citizens, not prey upon them. So we ask that you would vote against all of these gambling-- expanded gambling bills that are going to come before you today. To, to Senator Brewer, it's a very small percentage, compared to what we need for that property tax. I admire the Governor for trying as hard as he is, and for all of you. We're all thinking, how can this be done because it's so necessary. But this particular mention of sports betting on the phones is just going to be a tiny percent of what you need to solve this problem.

LOWE: Thank you, Ms. Loontjer. Are there any questions?

BREWER: Just a quick comment. You, you realize that you cut the Coach off and you let her just keep on rolling there, so I see where your priorities are.

LOWE: I always honor the ladies.

PAT LOONTJER: Thank you.

LOWE: Thank you very much.

PAT LOONTJER: Thank you.

BREWER: Thanks, Pat.

LOWE: Any other opposition? Seeing none, those in the neutral.

DAVID GEIER: Chairman Lowe, members of the General Affairs Committee, I am David, D-a-v-i-d Geier, G-e-i-e-r, director of the Nebraska Problem Gambler Assistance Program. My employer is the Nebraska

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Commission on Problem Gambling. I'm testifying today neutral, because that's the official position that the Commission on Problem Gambling has taken regarding bills that would expand gambling activity in our state. The commission does not see taking a position on these issues, pro or con, as within its scope. But what we do see is that our scope is to gather the facts about what's going on in our state. What you have in front of you is a tabulation of some of the data that we've accumulated in the past 2 years. We are particularly concerned about the trajectory. Rates of addiction are going up dramatically. We're facing a fiscal problem in our own little program. I don't envy you the tax issues you have to wrestle with here. I've seen them referred to as a three-legged stool, but it seems to me more like a Rubik's Cube trying to figure out how to make all the pieces fit together. Addiction to gambling comes in here somewhere with all the bills that are before the Legislature now during this session. LB1 has several sections concerning gambling as well as. It should balance all the different interests that are at stake. Keep in mind that the revenue to our program is the only one that deals with the problems that I've outlined for you today. All the rest is talk. Rates of fiscal assistance to our program vary from 1/10 of 1%, 6/10 of 1%, 2%, 3% 5% all over the map. We hope that you can find a way to squeeze out as many percentages of gambling revenue to help our program as possible. Good luck. That's-- I'm not betting on that. I'm happy to answer any questions.

LOWE: All right. Thank you, Mr. Geier. Any questions? Senator Hughes.

HUGHES: Thank you, Chairman Lowe. Thank you for coming in, David. Can you just give us, like, how many staff you have-- how-- just the basic of what--

DAVID GEIER: Staff-- there are-- there are two of us.

HUGHES: There's only two?

DAVID GEIER: Two of us to run the program from the central office here in Lincoln. We're a contracting office. So we contract with counselors around the state. In fact, there's been a really significant increase in interest. Mental health practitioners have suddenly awakened to gambling as an issue. So we're now up to about 35 or 40 counselors, increasing almost monthly around the state, operating in about 25 locations. We're just adding-- I can't keep the list in my head, but there's a significant increase in understanding and interest. So the two of us have to juggle all this, train them, certify them, put them under contract, pay them, all of it.

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HUGHES: Thank you.

LOWE: Thank you, Senator Hughes. Other, other questions? Seeing none, thank you very much.

DAVID GEIER: Thank you.

LOWE: Other neutral testifiers? Director Ricketts, good to see you.

CASEY RICKETTS: Good to see you, too. Good afternoon, Senators. My name is Casey Ricketts, C-a-s-e-y R-i-c-k-e-t-t-s, and I'm the interim executive director for the Nebraska Racing and Gaming Commission. I'm here to testify in the neutral position. As always, the Commission wants to protect the integrity of the racing and gaming industry. I'm here to answer any questions you may have.

LOWE: Are there any questions? You're getting off easy.

CASEY RICKETTS: All right. Well, thank you, guys. Have a good afternoon.

LOWE: Thank you very much. Other neutral testifiers? Last call. Seeing none, that ends LB-- or LR3CA. There were 5 proponents, 30 opponents, and 1 neutral. We're going to take a short break now.

BOSTAR: Can I close?

HUGHES: He's going to close.

LOWE: Oh, you get to-- oh, come on. Yes, Senator Bostar, please close.

BOSTAR: I, I, I know you might not be the biggest fan, but-- thank you, Mr. Chairman and members of the General Affairs Committee. I don't have the opportunity to get in front of you all that much and I appreciate every time and every chance I do. You know, I-- sort of like I said at the beginning, right, I'm not here to convince anyone that gambling is good. I'm not here to convince anyone that gambling-- that they should like it or that they should support it or that it doesn't come with problems. I'm here to say that it's already happening, and we're not going back. We're not. It's happening, people are doing it. You know, we heard about stats of the increasing rates of services being provided by the average organization, by bankruptcies, by things like that. People are doing it. People have access to it right now. And I, I think it's fair to lament that, to think that that's really unfortunate. But it doesn't change that it's true. There was an argument about the, the amount of revenue

available. This is talking about Iowa, right, Iowa, it was said Iowa got \$14 million in tax revenue. And they're a larger state than we are so how could we possibly get more money? Well, I think the piece that was left out of that, I think intentionally, was Iowa has a tax rate of 6%. We have a tax rate of 20. So if you do all the math, our number is actually-- that is fairly consistent with what we say we're going to get. You know, addiction is a-- is a horrible thing. We have-- there are challenges within my own family. We-- you know, when it comes to drugs, a lot of-- a lot of the root opportunity for people's addiction came out of the opioid crisis, the overprescribing of narcotics. Ultimately, when access to those became more challenging, people didn't stop. Right? Because just taking away the primary thing they want or not letting them have the thing that they really want, it doesn't actually stop it. Right? It takes treatment, it takes care, it takes support, takes a lot of things. But they moved on to heroin and fentanyl and everything else, right, for folks that fall through the cracks that don't have the support, don't have access to treatment. I think it'd be easy to just assume that if we don't have the main sports betting operators here in Nebraska that-- well, then people, people can't do it. But, again, they can, they are, they're doing it a lot. I mean, there's a lot of folks that didn't want to come here and sit in this chair on the record in front of all of you and talk about how they participate in sports betting. I asked a lot of them because I, I think it would be instructive. But I think for sensible reasons they don't want to do that. That being said, I think they absolutely would be happy to talk to any of you. So keep that in mind. Let me know if that's something that would be of value. It was also said that this is not the Nebraska way. I, I don't-- you know, I don't know. I don't know if it is. I don't know if it isn't. I think a really good way of determining whether or not Nebraska wants something is let them vote on it. That's democracy. That's what we got here. There are places that do government differently where democracy is not part of their equation. And, thankfully, that's not what we have here, so we have the opportunity to ask the state what they would like. I think we should. I think we should give them the question. We are not the ones deciding whether or not we are going to have sports betting. The people of Nebraska are. And if we really think that it will not come to Nebraska, that we will not get to the point where that question is being posed to the voters on the ballot, fair enough. But if we think it will and we're just delaying it and, therefore, delaying any of the economic impact we could have, keeping in mind that Nebraskans are already participating, then that doesn't-- that part doesn't make sense to me. That's the part that I don't-- I don't really get. Anyway, we'll have another bill. We can continue the conversation. I

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do appreciate the participation in the dialogue. The people who don't like sports betting, they're not wrong. They're just not. They're-- it's fair. But it's just-- I don't know how much it's up to us. Anyway, thank you.

LOWE: All right. Thank you, Senator Bostar. Are there any questions in his closing? Thank you very much. I, I appreciate you bringing LR3CA and we will see everybody back here at 10 till 4.

BOSTAR: Ten-four.

HUGHES: Can you tell me the online comments again?

LOWE: Oh, the online comments were 5 proponents, 30 opponents, and 1 in the neutral.

HUGHES: OK. Thanks.

[BREAK]

LOWE: Let's a-- welcome back to the General Affairs Committee. We will now have Senator Bostar open on LB13, which is kind of a continuation of our last hearing.

BOSTAR: It is. Thank you. Lucky 13. And with that, good afternoon again, Chairman Lowe, members of General Affairs Committee. For the record, my name is Eliot Bostar, that's E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29, here to present LB13, the companion bill to LR3CA, providing the statutory framework for online sports betting. LB13 amends the Racetrack Gaming Act to include online mobile sports wagering and modifies existing regulations regarding sports wagering in Nebraska. Legislation establishes the framework for online mobile sports wagering, allowing authorized gaming operators and racetrack casinos to offer sports wagering through an online platform. Legislation also removes the prohibition on placing sports wagers on in-state collegiate games involving Nebraska teams, increasing consistency in our gaming regulations by allowing Nebraskans to wager on all Nebraska collegiate sporting events, regardless of where they are being played. Additionally, LB13 details the allocation of tax revenue generated from sports wagering allocated-- allocating 90% of sports wagering tax revenue to the Property Tax Credit Cash Fund, 3% to the Compulsive Gambler Assistance Fund, 3.5% to the Racing and Gaming Commission's Racetrack Gaming Fund, and 3.5% to the Racing and Gaming Commission's Racing Cash Fund. Lastly, LB13 changes the deadline for the Legislature to submit a proposal for a constitutional amendment to the Secretary of State to

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September 1 during a special session. As I mentioned in my previous testimony for LR3CA, there is strong consumer demand for mobile sports betting, evidenced by thousands of state line crossings to place mobile bet on sporting events, and the roughly 64,000 Nebraskans having active mobile sports betting accounts. Nebraska's missing out of approximately \$32 million in annual tax revenue from mobile sports wagering. Currently, this revenue goes to our neighboring states and revenue generated by mobile sports wagering, primarily, to property tax relief. Again, I thank you for your time and I would be happy to answer any questions you'd have.

LOWE: Thank you, Senator Bostar. Questions? Senator Brewer.

BREWER: Thank you, Mr. Chairman. So the way you see it, the two of them need to stay together, as far as LR3CA and LB13?

BOSTAR: The most-- if, if we pass LR3CA only, we will put sports wagering to a vote of the people. But it won't be-- it will be put on the ballot 2 years from now. So the most important part of LB13 is the section that allows a ballot question to be placed on the ballot this year. I, I would say the other things within LB13, I think, are important, but they're not as essential as the ability of letting the people vote on it now. So that's the piece of the-- of the statute that we're-- that we're hearing now that's critical. The other stuff is also important, but it's, it's-- it doesn't rise to the level of criticality. I think letting the people express their voice in a timely manner is important to accomplish.

BREWER: A follow up to that. If, if it was to pass, have you had any conversation with the Secretary of State about the timeline of being able to get ballots printed and out and everything working out OK?

BOSTAR: Yeah, so we actually had-- in the Executive Committee, we had hearings over the noon hour on multiple stand-alone bills that just were on that particular component because other senators have introduced other constitutional amendments. And so everyone has come to the table with some kind of statutory tweak like this. And Mr. Bena from the Secretary of State's Office came and testified that, that, that meets the requirement, that that's acceptable. Even specifically saying that a September 1 deadline, which is what we have represented here, is the preferred route to go.

BREWER: Thank you.

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BOSTAR: I, I don't know if they're going to be coming to this hearing, but, but that-- Chairman and myself heard that testimony today.

LOWE: Thank you, Senator Brewer. Senator Hughes.

HUGHES: Thank you, Chairman Lowe. On page 8, Senator Bostar, you've got how things will be remitted: 3% Compulsive Gamblers, 3.5 Racing and Gaming Racetrack Fund, and 3.5 Racing and Gaming Racing Cash Fund, and then 90% to property tax credit. How did you come up with those numbers? Is that-- we don't-- is there a-- kind of a statute that we always put 3% in the compulsive gamblers? I don't think there is or anything. I don't know. I'm just curious how those numbers came about and what, what the plan is or--

BOSTAR: Yeah, so, you know, there's obviously a lot of stakeholders involved. And so those were the allocations that through, particularly, conversations outside of myself. I mean, my interest was maximizing the amount of revenue available for property tax relief.

HUGHES: Yeah. So why not 97 to property tax relief?

BOSTAR: Well, I think-- I think the argument is a couple fold. One is we want to ensure that the Compulsive Gamblers Assistance Fund is getting more money. And just going back to the point from the last bill, you know, they talked about how they're, they're running out of resources because the demand is increasing. And I do think that that also is a demonstration of what we've been talking about here, which is this is-- this is a cost that's being incurred now already. And we see that in the, the depletion of the resources available. So, you know, I'm, I'm open to these tweaks. The other two-- the 3.5's are, potentially, to the entity responsible for maintaining the regulatory enforcement of what the Legislature passes. Right? So those are the-- those to me are the, the three main pieces, majority for property tax relief, piece to help and support folks that are-- that are struggling, and then another piece-- this time it sort of split, but for the same general purpose of, of supporting the Commission in their effort to ensure that we are receiving compliance with the laws that the Legislature passes. However, I will say, if folks think those numbers should be tweaked, I am completely open to that. So happy to-- happy to be responsive to the needs that we identified.

LOWE: Thank you, Senator Hughes and Senator Bostar. Any other questions? Seeing none, will you stick around?

BOSTAR: I will.

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LOWE: All right.

BOSTAR: Thank you. This is still-- even still, possibly a better experience. It's been [INAUDIBLE].

HUGHES: Pretty sure that's right.

LOWE: We'll start on proponents. Welcome to the General Affairs Committee.

JUSTIN BRADY: Thank you, Chairman Lowe and members of the committee. My name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for WarHorse and also for Horsemen's. As Senator Bostar pointed out, the bill does four main things. It talks about where the money goes. It also protects-- I'd say, a piece in there that's huge is it protects the local tracks. It requires that these organizations, whether that's DraftKings, FanDuel, or anybody else, has to have a contract with a gaming operator, which has to have a contract with a racetrack. It protects the 500 or so employees that are there now that could grow to 1,000. So that is a protection that's in the bill for the people that have invested the hundreds of millions of dollars in this state so someone can't come in and just overlay and, and cut their feet out from underneath them. I think-- you know, Colonel Brewer, you had talked multiple times. I really think this comes down to timing. And our conversations we've had with members of this committee, with the Governor's Office, with others have all said-- looked at it and said this, I think, is something we should look at or do. Some of you have said, let's look at doing it now. Some have said, hey, let's wait and do it next year. It really becomes a timing of do you give the vote to the people now if you act or do you wait that 2.5 years which, in essence, from a state standpoint is do you leave that \$100 million or so on the table? And so that's what I see it is to you. The special session presented that opportunity to create the timing to do it now. It-- like Mr. Morgan spoke, it-- this wasn't about, you know, hey, let's speed this up and let's get greedy. It was the opportunity presented itself with the special session. Otherwise, it is looking at putting it next session, which will go on the ballot in 2-- roughly, 2.5 years from now. Some of the things I want to address that were said earlier, you know, they, they talked about, you know, the gambling in other states. Currently, this doesn't change what's allowed to be bet in Nebraska. It's just changed the methodology. Prop bets are not allowed right now in Nebraska. They will not be allowed under this bill and game betting is very limited in Nebraska. It wouldn't open that up. Obviously, you know, I know you talked about the geofencing and there were some questions with that,

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which I get and I understand technology, need to ask those questions. I would say that, ironically, the majority of the Legislature and the Governor and a lot of the members of this committee believed in geofencing 3 months ago when you passed the bill to prohibit access to pornography for kids. That uses geofencing, too, to say you are inside the state of Nebraska. That technology was good then, I think it should be good now to be able to say we believe in it now. The article that was mentioned, I believe I found, from Mr. Grasz when he talked about a 28% increase in bankruptcy. The article was ran in Money magazine, it was done by a study from Southern California. And what it says is that they determined that there is a 28% increase in the likelihood of bankruptcy. I'm not saying it's not going up. I'm saying there's a difference between going up 28% and the likelihood of it going up 28%. With that, I'll stop and see if there are any questions, Senator.

LOWE: Thank you, Mr. Brady. Are there questions? Senator Brewer.

BREWER: Thank you, Mr. Chairman. All right. Now one of the numbers they, they are using is they're saying that for every dollar we gain, we lose three with the increase in social costs and all. Is there any evidence out there that those numbers are, are correct or--

JUSTIN BRADY: I heard that statistic too, and immediately started trying to find it. Obviously, you can imagine in a short hour or so trying to search back there in the back of the room, I wasn't able to. So I'd be happy to see what they have. I would also say, Colonel, that a few years ago on the same similar gaming issue, an individual from the Compulsive Gamblers Fund came and spoke. And I'll never forget that he talked about that right now, no matter what happens, 3-4% of the population has an addiction, whether that's an addiction to alcohol, tobacco, gaming, whatever. And so we are dealing with that so adding something necessarily doesn't increase that from 4% to 7%. It may shift from alcohol to gaming. So we as a society are already absorbing that cost. And I think that's some of what Senator Bostar was saying is how now, now do we take the resources that Iowa and others are getting and put some of that money to the Compulsive Gambling Fund to help them and help them with the 3-4% of the population that does have an addiction. Well, yes, I'd like to see where that 1 to 3 ratio comes from too.

BREWER: All right. Thank you.

LOWE: Thank you, Senator Brewer. Other questions? Seeing none, thank you, Mr. Brady.

JUSTIN BRADY: Thank you.

LOWE: Proponents? Welcome back.

DANNY DIRIENZO: Thank you, Chairman Lowe. Danny Dirienzo, D-a-n-n-y D-i-r-i-e-n-z-o, senior director of government relations at GeoComply. I, I won't-- I'll, I'll try to be brief. There's just been a few issues that have come up since I've been sitting in the back that I, I think I could speak to and maybe answer some questions if appropriate. The first is-- I, I just heard the gentleman representing WarHorse speak about geofencing for porn sites. Those sites use IP addresses to locate where you are. IP addresses for geolocation purposes is about a 50-year-old technology now. Our geofence technology is light years ahead of that. So I just want to address that. In terms of know your customer or age and identity verification, which has come up a couple of times during this hearing, my company has a KYC product in addition to geolocation that services the gaming industry. And if any of you have ever opened an online bank account, opening an online sportsbook account in the legal market works very similar. You input your, your personally identifiable information. It is verified against publicly available databases through third-party vendors like GeoComply LexisNexis, Ideology. There's, there's several companies that provide this service. But then there's also-- and that's the age and identity verification component where we say, yes, this identity is real. Yes, this person is over 21. But the gaming industry goes one step beyond that and authenticates an identity. All right? So now we need to decide is it actually Danny Dirienzo that's on the other end of that device inputting this information or is this a stolen identity? And the authenticate-- authentication component is where the gaming industry and its, its vast array of resources and technology has really advanced this process. We utilize everything from biometrics, facial recognition, fingerprints to multifactor authentication, which many of you have probably gone through, which is-- could be a code pushed to your cell phone to verify that the phone number you provided is accurate. So the, the KYC process is robust in the gaming industry. The second thing I've heard brought up is about prohibited bettors. The Iowa betting scandal. I personally have been involved in dozens of prohibited bettor investigations in the legal sports betting market. I'm happy to field questions on that. But I would say, just simply put, if you read about it in the papers, that means the legal betting market is working. You will never read about it if it happens on the black market. Thank you.

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LOWE: Thank you very much. Are there questions? I believe Senator Holdcroft brought this up earlier that if a father decides to give his son access to the gambling, what's that-- how does that get stopped?

DANNY DIRIENZO: Sure. And, and thank you.

LOWE: Because there are fathers like that. I, I have a, a youth center out in my district that is, is full of these kids that come from families that it probably wasn't the kid's fault but it was the environment that he grew up in.

DANNY DIRIENZO: Sure. Thank you for the question, Mr. Chairman. The-- what you're describing is what we call account sharing. Right? And it exists in many different formats, that being one of them that you just described. The online gaming industry, whether it be sports betting, iGaming, whatever you're talking about, has so many data points available to us to detect any anomalies or suspicious activities, such as account sharing, that it's actually quite easy for us to flag. From a geolocation perspective, we've got things like device identifiers, so we know exactly when an account is accessed from a certain device, and when that same account is accessed from a brand new device. We've got location information. On the sportsbook side, they've got even more data to identify suspicious activity, variations in payment sources for a-- for, for example, or withdrawal, withdrawal anomalies where you might be withdrawing to a different payment source than you funded the account from. So I would submit account sharing, which is what you're describing in this scenario, is actually something I don't lose any sleep over at all because our technology detects it all day long and twice on Sunday quite easily.

LOWE: Thank you. Seeing no other questions, appreciate your testimony.

DANNY DIRIENZO: Thank you.

LOWE: Other proponents? Other proponents? Opponents?

NATE GRASZ: Good afternoon. Nate Grasz, N-a-t-e G-r-a-s-z, testifying on behalf of Nebraska Family Alliance for similar reasons as given in my prior testimony, want to be on the record opposing LB13. Again, I think, the primary argument today seems to be that people are doing it already so we should just legalize it and tax it because we're already paying for the societal costs that come with it. And it remains true that in every single state that has legalized online sports gambling, the number of people engaging in it and the societal problems that accompany online gambling increase dramatically after it is legalized.

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Senator Brewer asked a lot of really good questions. And you all have a tough job in terms of figuring out how we provide property tax relief. But, again, if the Legislature in the state of Nebraska is serious about providing real, sustainable property tax relief, gambling is the last place we should look. It's not sustainable. If the Legislature decides to move forward with this and tells people that we got this new revenue and we got property tax relief, the only thing that will have happened is that we will decrease our sales tax revenue. People only have so much money that they can spend. So any dollar that is spent and lost through online sports gambling, which goes to out-of-state gambling operators, is a dollar not spent in Nebraska businesses. It's also all but guaranteed that online sports gambling, which further erode state lottery revenue with which the state of Nebraska already relies on in our state budget. And, again, it will increase the social costs that are paid for by all taxpayers. To Senator Brewer's point, I think that's probably true that there's not a way to find property tax relief without making somebody mad. But I would say the people we shouldn't be making mad, our moms and dads who are trying to raise their kids, trying to raise families, and, again, I think you look at who is here today and who's not, who's advocating for kids and families, who's advocating for the gambling industry, and draw your own conclusions about why that is. So thank you, again, for your time. We appreciate it.

LOWE: Thank you, Mr. Grasz. Are there questions? Seeing none, thank you.

NATE GRASZ: Thank you.

LOWE: Other opponents to LB13?

LORETTA FAIRCHILD: My name is Loretta Fairchild, L-o-r-e-t-t-a F-a-i-r-c-h-i-l-d. Thank you, Senators, for all you do to cooperate across party lines. How can we enable all senators to open their minds to the facts about taxes, a.k.a. sources of revenue? No senator ever starts out thinking about trying to inflict harm on Nebraska's economy or harm their own voters. But the common misunderstandings about taxes that we inherited as we grew up are, in fact, doing a lot of harm and causing a lot of damage in our current economic reality even though all sponsors of these bills have good intentions in their own minds. However, all taxes are not created equal. Labeling a tax as good because you want the money for projects for your voters is only a misunderstanding. It's not a reality. I'm skipping a bit here. The true facts are that every dime in tax revenue from all gambling sources should be moved into general revenues, then the Legislature

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can do the very hard work of deciding who's going to get what. That is both, who's getting the goodies and who's going to be able to pay the most in taxes with the least damage to their family's well-being? Nebraska has a long history of really high-quality thinkers among our senators. There has been a lot of pragmatic thinking outside the box for making our state government more efficient and effective. How can we help each of you very hardworking senators to switch away from old patterns of thinking about taxes and using tax money? Could we each start to think of all Nebraska residents as the family unit we each want to strengthen and protect our children and youth most of all? Having a gambler in the family is the worst possible choice for a child's well-being from day one. I'm skipping a bit here. Could we ask all senators to prioritize our children and youth and their caregivers, both for minimizing the pain of each tax and where the tax revenues are spent? The assumption of inevitability about tax addiction and so, therefore, we just have to live with it. The assumption of inevitability about sports betting, so we have to live with it is all false. I would like to call your attention to the fact that Nebraskans have never voted for sports betting. And if you'll ask me about that, I'd like to remind you about a few more things.

LOWE: Thank you, Ms. Fairchild. I appreciate it. Are there any questions? You said you'd like to remind us.

LORETTA FAIRCHILD: I would like to remind you about the fact that sports betting was not in the words of the amendment, the whole legal framework of the ballot that brought us casinos and the horse racing alliance. There was a lot of misrepresentation. I'm calling it deceptive, deceptive and devious legalese. It's the only reason you have sports betting in casinos now. It's very important that you all review that history. There's nothing inevitable about this. We can make a fresh start if you all will have the courage. We can talk about-- I would be happy to talk about better ways to handle taxes out of general revenues. I can do that on the next one. Thank you.

LOWE: Thank you very much.

LORETTA FAIRCHILD: Thank you for listening with open hearts.

LOWE: Are there others in opposition? Anybody else in opposition? All right, let's move to the neutral. Is there anybody here in the neutral? Director Ricketts, welcome back up.

CASEY RICKETTS: Thank you. Good afternoon again, Senators. My name is Casey Ricketts, C-a-s-e-y R-i-c-k-e-t-t-s, I'm the interim executive

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director of the Nebraska Racing and Gaming Commission. I am testifying in the neutral position. As I stated earlier, our job is to ensure the integrity not only of gaming but of racing. I believe Senator Hughes asked a question earlier about where the money goes. I really just kind of wanted to make a statement that with previous legislation, we thought that the money would also be used to regulate the racing side of things. Unfortunately, with current legislation, we are unable to use any of the funds that we receive for racing. The only funds we receive to regulate racing right now is a percentage of the parimutuel holdings and licensing fees. So last year we only got about \$450,000 for our racing budget that has to cover expenses for every race. I have to pay for stewards. I have to pay for vets-- veterinary technicians. So-- just so you guys are aware, that's the only way racing receives their money. That's all I got.

LOWE: I'm sorry we made that mistake.

CASEY RICKETTS: That's OK. I just wanted to let you guys know.

LOWE: All right. Any other questions? Seeing none, thank you.

CASEY RICKETTS: All right. Thank you.

LOWE: Any other neutral? Welcome.

ZACH MADER: Thank you. Good afternoon, Chairman Lowe and members of the General Affairs Committee. My name is Zach Mader, Z-a-c-h M-a-d-e-r, and I am the current president of the Nebraska Thoroughbred Breeders Association. And I am testifying in a neutral capacity today on LB13. The Breeders Association was founded in 1964 to promote the breeding, marketing, and use of thoroughbred horses in the state of Nebraska. We also maintain a registration system for thoroughbred horses in Nebraska which is updated annually. Currently, we have 123 registered members whose stables, ranches, and breeding programs are located in all areas of the state from Scottsbluff to Omaha and from Valentine to Superior. You may be wondering why the Thoroughbred Breeders Association is testifying on a bill that deals with online sports wagering. Our concern is very specific to one piece of LB13, which is the disbursement of the tax revenue from these sports wagers which is outlined on page 8 of this bill. While our Association was not aware of this proposal before it was introduced, we would like to ask this committee to allow us and other stakeholders a chance to rethink how we allocate these dollars to grow our local economy and support agriculture and racing. My goal is to help grow the horse racing industry across the state. For example, revenue generated from

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casino and sports betting could be reinvested into our breeders program. The dollars we spend will not only support agriculture but will be spent locally on feed, veterinarian care, farrier services, and other local products. Our Association would appreciate the opportunity to work with this committee to use these gambling dollars to support an industry that was once thriving. We would ask for you to reconsider putting this for-- this funding formula in statute. Instead, let's take a step back and give those of us in the breeding industry an opportunity to be a partner with you to grow our thoroughbred breed programs across the state. Thank you for your time and your service to the state of Nebraska.

LOWE: Thank you very much, Mr. Mader. Are there any questions? Yes, Senator Brewer.

BREWER: Thank you, Mr. Chairman. All right, Zach, you touched a soft spot for me here since we're talking about horses. Can you-- can you share a little about the breeding program and, and what all does it consist of and, and how are you planning to get to that point that you'll have enough horses to, to do it right?

ZACH MADER: Yeah. So presently-- let's see here, where is the best spot to start here? We-- this year at Fonner Park, we ran about 1.6 Nebraska-bred races per day. Now, that's going to sound odd because you didn't run a part of a race. But when you divide it by days, typically the last 10 years, 15 years, it's been one race a day that we have to run by state statute that has to be a Nebraska-bred race. So we are seeing an upward trend. These babies that were 3-year-olds this year, obviously 2020 when this came around, our numbers increased immediately. Now we are seeing numbers tail off again, not in drastic form, but definitely trending downwards. There's a lot of uncertainty right now. I guess-- so that would be can we support it? Definitely in our current system of 51, 52 days, absolutely. When or if we get to 100, it definitely means we're going to need more horses. We're going to need-- we're going to need more money.

BREWER: And that, that was the point I'm getting to is the way you're resourced right now, you're able to make ends meet. What we're asking you to do is to expand because we'll have five and one. And to get there, to have enough horses to be able to have competitive races, should we not be looking at earmarking some of that money that has to shift over there or, or how, how are you-- how do you-- when I look at your checkbook, what am I going to see? It's, it's the receipts from the people that come to watch the races and bet. What percent of that do you get?

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ZACH MADER: Yeah, so that, that is-- that is our only form of revenue currently is strictly on parimutuel wagering. State statute 2-1227, I believe, is where you would find that. But we get 1% of basically every dollar bet. For example, if Horsemen's Park in Omaha does \$300 million a year, if my math is correct, we get about \$300,000 to, to utilize in our breed program.

BREWER: And if, if we were to pass LB13 and the CA, right now, it's earmarked in detail in the-- in the bill where the money goes. And then none of that would go to you would it, the way I read it?

ZACH MADER: That is correct.

BREWER: OK. Well, all right. Thank you.

LOWE: Thank you, Senator Brewer. Senator Hughes.

HUGHES: Thank you, Senator Lowe. OK, so you're the Thoroughbred Breeder Association.

ZACH MADER: Yes, ma'am.

HUGHES: And five of our race tracks do thoroughbreds and one does Quarter Horse. So is there a Quarter Horse Breeding Association?

ZACH MADER: I believe so, but that market is absolutely teeny-weeny. They have one race a year with one or two horses. It's-- and, and it is not my-- I don't-- I don't really want to speak about the Quarter Horse deal. I mean, I can answer that question, but I'm not--

HUGHES: Well, I'm just saying-- but if something would shift where you guys would get-- and it would have to be an umbrella to give them some too, right? I mean, what would it-- you would think so. OK, I'm just talking. Thank you. Thanks for coming in.

LOWE: Thank you, Vice Chair Hughes. Any other questions? Seeing none, thank you, Mr. Mader, for coming.

ZACH MADER: Thank you.

LOWE: Go ahead.

MIKE SCIANDRA: Hello, everyone. My name is Mike Sciandra, M-i-k-e S-c-i-a-n-d-r-a. I'm the education and outreach coordinator for Choices Treatment Center. We are an outpatient problem gambling treatment service with offices in Lincoln and Columbus. I'm also an

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advocate for problem gambling prevention, treatment, and recovery. I'm also in recovery myself for problem gambling. I'll be very respectful of your time today. First and foremost, the organization I work for and myself, we are 100% neutral on legal gambling currently and any potential future legal gambling in the state of Nebraska. Our treatment services for problem gamblers and their loved ones are funded through the Nebraska Gamblers Assistance Program. And that's what I'm here to speak on today. The treatment available through GAP saved my life, and I feel as if I have a duty to ensure that all Nebraskans struggling with gambling-related harm can receive that same free treatment that I was blessed to receive. But the reality is that current funding for this program is being stretched further by the day. As more casinos are built, more permanent facilities are completed and, specifically, mobile sports betting becomes an option in the state, the ability to adequately treat our clients will be limited without increased funding. Current data suggests that anywhere from 1-4% of Americans struggle with problem gambling. However, studies have shown that up to 16% of mobile sports bettors met the criteria of a gambling disorder, with an additional 13% showing some signs of gambling problems. Long story short, the amount of Nebraskans who will benefit from problem-gambling treatment will outnumber the amount of funding available if we only provide the current rates being provided into the Gamblers Assistance Program or if we provide that 3% that is suggested in LB13. At the end of the day, all I want to see is the amount of gambling-related harm within our state reduced as much as possible, and having an adequately funded gamblers assistance program is the most effective way of achieving that goal. Provided-- in the documents I provided today are a couple of articles regarding mobile sports betting and problem gambling activity, along with basic information about GAP, and the most recent financial showing the GAP funding that's coming from Nebraska casinos. Thank you for your time today. I defer any of my time to questions.

LOWE: Thank you very much for coming today. Are there questions? You gave us a packet that we will digest here.

MIKE SCIANDRA: Sounds good.

HUGHES: I have a question.

LOWE: Yes, Vice Chair Hughes.

HUGHES: How come you didn't come in opposed?

MIKE SCIANDRA: How come what?

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HUGHES: I would think you would come in opposed--

MIKE SCIANDRA: No.

HUGHES: --not neutral.

MIKE SCIANDRA: I'm 100% neutral on the stance of problem gambling-- on legal gambling options because, as what Senator Bostar brought up and other people have brought up, we're not getting away from gambling. It's around us everywhere. It's in every state around us and we-- and treatment. I have a very unique perspective because I work-- I am in-- receive treatment for problem gaming, but I also work in treatment now for problem gambling. And I see people who are bound by those illegal books. The illegal books-- the difference between a legal book that has all of the safeguards in place, that has limits, that has you can't borrow money on that. With an illegal book, you can get credit. I've seen clients who went tens of thousands of dollars into debt with credit, and that's a whole different ball game when you're dealing with illegal entities there. So it looks a lot different, the betting there. And kind of what's been brought up earlier as well, too, is that the fact that these illegal books are out there that can't be controlled, that cannot be-- having it legal, in a lot of ways, makes our jobs easier in treatment because we can do voluntary self-exclusions, whether it's mobile, whether it's in person. We can do things to keep people away from that. We can't do anything to keep people away from those options out there. Basically, gambling is all around us at the end of the day. We're not putting the lid back on that-- on that jar anymore. We need to make sure that we're providing the safeguards that are needed out there and the way of doing that is providing adequate funding to the Gamblers Assistance Program.

HUGHES: OK. Thank you.

BREWER: Great question.

LOWE: Thank you, Vice Chair Hughes. Any other questions? Don't have anybody else, thank you very much.

MIKE SCIANDRA: Thank you.

LOWE: Any other in the neutral for LB13? Seeing none, Senator Bostar, I will let you close this time.

BOSTAR: Chairman Lowe, members of the General Affairs Committee, thank you for your time and attention this afternoon. I greatly appreciate it. I-- you know, listening to some of the feedback on some of these

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things, I-- it's been really helpful. I-- you know, I'm obviously-- I hope it's obvious-- open to adjusting the percentages on some of these things, ensuring that we are utilizing the resources appropriately. I mean, my-- the, the primary driver for me is to see the bulk of the funding go to relieve property taxes of Nebraskans. But there are-- there are clearly other things that we need to be supporting as well. And so, you know, I, I hope to continue that conversation with all of you to make sure we're, we're getting all of that done correctly. You know, I, I found it interesting the argument that we haven't voted on sports betting, that the Nebraskans haven't voted on it. And, you know, whichever side of the argument you want to make on that piece-- that, that that sort of claim, I think a really good opportunity would be to ensure that the voters get a chance to vote on it very clearly and directly. That way there's no question. Let's let Nebraskans answer this question for us. Because I said before, at the end of the day, we aren't deciding whether or not to allow mobile sports betting. We are only deciding whether or not we will trust the people of Nebraska to make a decision for themselves. And don't get me wrong, if I could wave a magic wand and make people do only things I liked and nothing I didn't like, that sounds pretty nice. It's not the world we live in and it's never going to be. We do what we can to mitigate harm, to help people, and let people live their lives. And right now, people are doing this. And we're paying a cost and we aren't getting the revenue. With that, be happy to answer any final questions.

LOWE: Thank you very much. Senator Holdcroft.

HOLDCROFT: Thank you, Chairman Lowe. Thank you, Senator Bostar. I keep coming back to this argument you made that sense we're-- people are doing it already, why don't we just legalize it and then tax it? But as we've heard, the main four have a great geocaching capability, so they're not making their bets that way. They're doing some black market app and that's how they're, they're, they're gambling. So what's to keep them from continuing to do that, because we won't be taxing that. It'll be cheaper for them to use the black market apps than the ones that we're going to be putting a 20% tax-- sales tax on.

BOSTAR: Well, I'm actually not sure that that's true, to be honest.

HOLDCROFT: What part is not true?

BOSTAR: It being cheaper. So if I run an unregulated book, I already don't care about the law. So why would I maintain spreads that were fair, right? I-- it would be manipulated to maximize the amount of

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income that this black market activity is doing. It wouldn't be to try to have any kind of balance within the gambling system.

HOLDCROFT: Yeah, but my, my point is, if you have people that are willing to break the law now to gamble using some black market application and, I mean, it's, it's, you know, it's competition, it's capitalism. I mean, why wouldn't you-- they come forward with an application since it's illegal anyway that, you know, wouldn't have the Nebraska sales tax on it, which defeats the whole purpose of us making it legal for a-- for a mobile application.

BOSTAR: What I'm arguing is that their product will not be cheaper than a legal product. That's what I'm saying. I'm saying that if you give them a legal option, there are a number of reasons why they would pursue that. It will-- it will be a more fair gambling experience for the better. It will just be a better product, right?

HOLDCROFT: But, yeah, is it worth 20% more? That's what we're going to end up putting on the-- on the app, right, 20% tax?

BOSTAR: Yeah, yeah, gambling right now is a 20% tax.

HOLDCROFT: That's a pretty good amount more that you have to overcome. And, and for the black market guy, it's really-- it's really probably not that hard to beat that 20%.

BOSTAR: I don't think that-- I, I just, fundamentally, disagree with you. I don't see this the same way at all. When--

_____: Can I have your attention please. The National Weather Service has issued a severe thunderstorm warning from Lancaster County including the city of Lincoln until 5:30. Again, the National Weather Service has issued a severe thunderstorm warning for Lancaster County including the city of Lincoln. Refer to your Emergency Action Plan. Thank you.

LOWE: I hope you brought your umbrella.

BOSTAR: Yeah, no kidding. The claim was made that when you legalize it, you're seeing an expansion of the black market as well. It's an interesting claim that I heard, one that I think involves further interrogation.

HOLDCROFT: Well, it goes back to your premise that people are doing it illegally now so we should legalize it. And my counter to that is, if

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they're doing it illegally now, then they'll probably do it illegally if it's going to be cheaper.

BOSTAR: And I think you're wrong.

HOLDCROFT: Well, thank you, Senator Bostar. Appreciate your comments.

LOWE: Thank you, Senator Holdcroft.

BOSTAR: And, and, and truthfully, I-- and I think that we can have discussions about it from the operator perspective, because there are states that have tax rates, too. It's not just Iowa at 6%. Iowa is actually pretty low. So there are-- and I don't have in front of me what they all are across the country, but I have read all of these, so I just don't want to-- I don't want to misstate something, but I, I-- genuinely, I think we can talk this through and I hope we'll have the opportunity going forward.

LOWE: Thank you. Other questions? Seeing none, thank you very much.

BOSTAR: Thank you.

LOWE: Don't get wet.

BOSTAR: [INAUDIBLE]

LOWE: Yeah. There were 6 online proponents, zero opponents, and 1 in the neutral for LB13. We will now start with Senator Blood and LB6.

BLOOD: I waited patiently.

LOWE: You did.

BLOOD: I know. I was teasing my staff, I said it's going to rain and it doesn't show rain on the rain guard. And then they announced it on the intercom and I'm, like, I have eyes, it's going to rain.

LOWE: Yeah, it's going to rain hard.

BLOOD: Yeah.

LOWE: In, in about a half hour. So you got about a half hour to get to your garage parking. Welcome, Senator Blood, to the General Affairs Committee. You may begin.

BLOOD: Waiting for it to quiet down a little bit here. All right. So good afternoon to Chair Lowe and members of the General Affairs

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Committee. My name is Senator Carol Blood, and that is spelled C-a-r-o-l B-l-o-o-d, and I represent District 3 which is the western half of Bellevue and eastern Papillion, Nebraska. Thank you for the opportunity to bring forward LB6 or the Fantasy Contests Act. This special, special session we, as a body, should not only be focused on cutting spending, we need to find new revenue streams. And LB6 untaps revenue in the ever popular fantasy sports industry. Fantasy sports contest operators such as the well-known FanDuel or DraftKings would have to register with the Department of Revenue in order to conduct business in the state. LB6 is set up very similar as my fantasy contest sports bill in 2019, which I know Senator Lowe remembers, where the initial registration fee for each of-- each-- sorry, it's been a long day-- where the initial registration fee for such a company would be \$10,000, but for years after the subsequent renewal fees will be 6% of total gross revenues for the prior 12 months for every company to continue to operate in Nebraska. Now I'm going to point out our fiscal note, I, I know they've worked very hard because we were kind of shoving things down their throats this week, but I really question the accuracy of this fiscal note and I'm going to explain why. So there are over 4,261 fantasy sports businesses in the United States. In 2022, this industry was valued at \$9.48 billion. If every fantasy sports business in the United States were to register, which I doubt, that would raise \$42,610,000 alone. So let's say one-fourth of the companies register here in Nebraska, that would be \$10,000,652-- \$10,652,500, which is maybe a little bit more realistic target. And I'd like to stop and point out that we had many organizations reach out to us and say that they have been begging states in the fantasy sports industry to please regulate them. And I don't know very often when people come to us and ask to be regulated. So I think that that's kind of a sign of the times. I will address the argument that was brought up last time and could resurface again today about the LB6 being gambling. Fantasy sports contests are indeed games of skill, and you've learned a lot about games of skill here in this committee over the last few years, where to when a player needs inherent knowledge of team rosters, matchups, statistics, and such. Players have more of this knowledge and they tend to win-- players have more of this knowledge and they tend to win more often than those that don't because they choose better players based on research, analysis, and watching past games. In other words, these aren't simply games of chance. On the federal level, the Unlawful Internet Gambling Enforcement Act of 2006 made sure to single out the legality of fantasy sports contests so we would not be stepping on federal toes with this. Bottom line is Nebraska has a right and a path to legalize and regulate fantasy sports contests. Opponents of any sort of sports

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gambling or wagering are likely opposed to LB6 bringing up the common slippery slope horror stories of people draining their finances just to place the next bet. The reality is fantasy sports contests do not encourage this type of behavior. Many people have nonmonetary motivations to enter fantasy sports contests as another avenue to hang out with friends, build camaraderie with fellow fans of the sport, and just in the spirit of competition in general. Recent research shows 75% of fantasy players are motivated to play not just for monetary prizes, but sometimes just for bragging rights. We all know why we're here. We're expected to provide property tax relief for hardworking Nebraskans. We do this by capturing more revenue. Here is an industry where many Nebraskans already pool together their money in groups of friends or coworkers. Nebraska needs to catch up and start regulating and capturing revenue from the burgeoning industry. DraftKings reported alone a 57% increase in profits in the third quarter of 2023. More fantasy sports companies are on the horizon as Disney will also be launching its, its betting website through its ESPN platform in 17 states. So I ask you, what are we waiting for? Let's start regulating fantasy contests sports even if it delivers only a small surplus in revenue, it all adds up. We don't need to take this to the polls again for two reasons. Reason one, Nebraskans voted in voices that were loud and clear in 2020 that they support gambling as a way to generate revenue to lower property taxes. And I think the voters were smart enough to know what that meant on the ballot. Reason number two is that we are in a revenue crisis and we can't keep pearl clutching on this issue because the vocal minority comes in and tries to shame us out of it. So with that, I thank you for your time today in consideration for LB6.

LOWE: Thank you, Senator Blood. Are there questions? Senator Hughes.

HUGHES: Thank you, Senator Lowe. Thanks for coming in, Senator Blood.

BLOOD: You're welcome, Senator Hughes.

HUGHES: Do other states-- did you copy this from other states? Like, how many other states regulate fantasy--

BLOOD: You know, to be really frank, I purposely made this very short because this was going to be a very long day. I can get you that information. But I, I will tell you that there are more states doing it than not, because it's considered a game of skill and not considered like sports betting.

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HUGHES: I have two family members that do a lot of this so, yes, they--

BLOOD: I think we--

HUGHES: --they spend a lot of time looking at stats figuring out their people.

BLOOD: I know a lot of people in my district that drive to the parking lot at the casinos to do it, and then I know others that they, they, they just use a different VPN. You know, people are pretty savvy with computers nowadays, and it's-- and, and I hear that it's under a whole process. It's like, well, but they're doing it already. But, you know, I go back to prohibition. I think of all the things-- I think of all the bills that we passed in reference to certain drugs, especially when Senator Howard was here, and, you know, then the next big thing was fentanyl. Like, we're going to play Whac-a-Mole no matter what. And depending on whose data you believe, really only about 1% of the entire population in the United States has a gambling problem. And the thing that we really should be focusing on isn't the gambling or isn't the alcohol or isn't the drugs, it's that those same people are bipolar, manic depressive, AC-- attention deficit disorder. We should be worrying about how we're investing money on people that have mental health issues. But instead we see-- we see the, the thing that they participate in that's part of their addiction. And we're like, oh, we must stop that. Well, we're not going to stop it. And I'm not saying that, you know, that we give it our blessing and say, oh, we think this is wonderful and we should throw all kinds of money. You know, I'm not saying that either, but I am saying that it is happening and it is a game of chance-- of, of you have to be smart. If you don't know your teams, if you don't know your players, I mean, I could never play this game and I'd be the first to admit it and I would not play this game. But I also don't have any addictions, thank goodness. But I don't-- we can't do prohibition. We've got to find ways to generate revenue. Revenue is changing. And, and when we talk about technology, we keep making bad mistakes in Nebraska. We keep underestimating, overestimating what technology can do. And this is going on, we should tax it. I believe that even if we get 25% of it, as you saw that the revenue is going to look much different than, than what-- and it's rare when I'll question a fiscal note, but there's just no way it's going to be that low. And I did have many calls and many visits again from this industry and they want to be regulated. So how often again do we hear that? Not very often. And we'll get 6% of their profits moving forward once they do the initial \$10,000. Kind of nice. I'm trying to hurry up so I won't even have to close later, so.

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LOWE: All right. Thank you, Senator Hughes. Any other questions? Seeing none, will you stick around for close?

BLOOD: Sure. Happy to do it.

LOWE: All right. Are there proponents?

LORETTA FAIRCHILD: Did you say opposition?

LOWE: Propo-- proponent. I think you can sit in the front seat here. Are there opponents? We will do the opponents now. You might want to roll up your windows outside, too. I think it's here.

LORETTA FAIRCHILD: Can I start?

LOWE: Yes. Welcome.

LORETTA FAIRCHILD: My name is Loretta Fairchild, L-o-r-e-t-t-a F-a-i-r-c-h-i-l-d. Thank you, Senators, for all you do to cooperate across party lines. How can we enable all your hardworking senators to open your minds to the facts about taxes, a.k.a. revenues? No senator ever wants to inflict harm on Nebraska's economy or their own voters. But we all have inherited a lot of misunderstandings that are causing trouble in spite of our good intentions. All taxes are not created equal. Labeling a tax as good because you as an individual senator want the money for projects for your voters is a grave misunderstanding. It is misguided. It is not reality. How can getting revenues out of people with addictions ever be seen as good for Nebraska? Why can't we try to adopt a goal for every vote taken by the Legislature related to revenue that we will focus on good, fair tax policy. Every dime in tax revenue from all gambling sources can and should be moved into general revenues first. The suggestion keeps coming up that where some urgency about moving forward on this. That is not accurate. The fact that we delayed casinos coming into Nebraska for 25 years strengthens Nebraska's economy. If you delay every year, you delay the bills in this committee right now, will be beneficial while you, in fact, work on what can you do? There are some bills in already about small steps for property tax. That is the right way to do all taxes. We could talk about some more ways to do that.

LOWE: Thank you, Ms. Fairchild. Are there questions? Seeing none, thank you very much. Are there other opponents? Seeing none, anyone in the neutral on LB6? Seeing none, Senator Blood, would you like to close?

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BLOOD: I would. I don't think you want to go outside, do you? I am going to say this, and I'm not saying this to be snarky. Alcohol is addictive. We tax alcohol. Cigarettes are addictive. We tax cigarettes. In fact, I think we're going to maybe raise the tax on cigarettes. Caffeine is addictive and actually quite dangerous. We know that that young person died after drinking some of those high-caffeinated drinks from Panera. Right? But yet, again, we tax it. We know that there are a lot of things that are addictive that aren't good for you. I saw the comment about bacon the other day. I know, right? And it's, like, high in carcinogens, but delicious. You know, the point is, is that we could sit here all day long around a round of drinks, probably, and talk about things that we tax that are addictive. I didn't hear any of that today. Did you? We're going to hyper focus on gambling and pretend that we don't tax the other things. What we're doing is not unusual, and it is normal and it is standard. And we live in a world where we have to find ways to generate revenue because, quite frankly, we're not making enough babies in Nebraska to increase our population in a timely manner to generate enough revenue to cover what we need to cover. I'm still waiting on a bill if you ever figure it out, though. So, you know, I did bring this bill back in 2019, and, and Dr. Osborne showed up for that one, too. And God bless him, he has standards and I respect that, but we do already tax things that people think are addictive. And this is just going to be one more thing. And it's not going to encourage people to, to do more fantasy sports. The people that are doing fantasy sports are already doing it. So why don't we just tax the darn thing and get it over with? And we will generate millions of dollars that we can then put in our General Fund, and we can appropriate towards property taxes, infrastructure, whatever is going to help the mess that we're in right now.

LOWE: All right. Thank you very much. Are there questions for Senator Blood? Seeing none--

BLOOD: Thank you very much. I hope you all have umbrellas.

LOWE: Safe drive.

BLOOD: Yes, I will drive very carefully. But first I'm going to have my staff go get my car.

LOWE: We had, for LB6, zero proponents, 1 opponent, and zero in the neutral. That ends our hearing for LB6. We will now switch to LB32 with the esteemed Senator Brandt.

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BREWER: You sit down and a tornado warning goes off.

BRANDT: If this is what it takes to make it rain, we're, we're good with this. Rain is good. Nebraska farmers need rain.

HUGHES: My husband just said half an inch the last 20 minutes, so.

BRANDT: Over at Seward? Yeah, you're kind of in the path right there.

HUGHES: That's a lot in a 20-minute time period.

BRANDT: Well, are we ready to roll here?

LOWE: Yes.

BRANDT: OK. Good--

LOWE: You may proceed.

BRANDT: --good afternoon, Chairman Lowe and the esteemed members of the General Affairs Committee. I am Senator Tom Brandt, T-o-m B-r-a-n-d-t, and I represent the 32nd District, which consists of Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. Today, I'm bringing LB33 [SIC], which has some similar components to Senator Bostar's bill that you had just heard. This includes striking the language that prohibits sports wagering on in-state "collegian" teams if that team is competing in Nebraska. So, for example, if Nebraska football is playing Wisconsin in Wisconsin, you are allowed to bet on the game currently. But if Nebraska volleyball is playing Wisconsin in Nebraska, you cannot bet on that game. To me, this just, just does not make sense. It's a common theme in states that allow sports wagering that the most popular wagers are on the state's home teams. Since Nebraska doesn't have any major professional teams, the most popular bet would be the Huskers or Creighton. Another item we changed was striking the language prohibiting bets on an individual performance of a college-- "collegian" athlete, or another name for that is prop bets and striking the language that prohibits live bets. If online sports betting gets on the ballot this year and as approved by the citizens, we should make sure that people are allowed to place the bets they want to place. If you have any questions, I would be happy to answer them.

LOWE: Thank you, Senator Brandt. Are there any questions? Seeing none, are you going to stick around to close?

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BRANDT: Yes, I will. Yeah.

LOWE: Are there any proponents for LB32? Seeing none, are there any opponents for LB32?

NATE GRASZ: Hello again. Nate Grasz, N-a-t-e G-r-a-s-z, testifying in opposition on behalf of Nebraska Family Alliance. I'll be brief with my, my comments. Just want to provide a little bit of background and context. The Legislature specifically put those protections in place that this bill would remove with broad bipartisan support after the legalization of casino gambling in, in 2020. There are at least 12 other states that have legalized sports betting that specifically prohibit wagering on in-state colleges while they are playing in-state. So it's not unusual that Nebraska has the same protection. Also, notably, the president of the NCAA has come out very strongly recently, opposing live and game wagering and prop betting on college sports teams. So I think this legislation would take us in the wrong direction. Those, those protections exist for, for a reason. It's to protect our student athletes who I would remind the committee in many cases are 18 and 19 years old. So I think this bill would take us in the wrong direction and serve the best interests of the gambling industry and not the best interests of our student athletes.

LOWE: All right. Thank you very much, Mr. Grasz. Are there any questions? Seeing none, thank you.

NATE GRASZ: Thank you.

LOWE: Other opponents? Seeing none, those in the neutral for LB32? Seeing none, Senator Brandt would like to get out of here and get in the rain.

BRANDT: You still have one more after me.

LOWE: You want to get out of here, though.

BRANDT: What? Oh, we're fine. This is the earliest I will have left all week I think.

HUGHES: [INAUDIBLE]

BRANDT: Yeah. So--

LOWE: You may close.

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BRANDT: So I know there's at least three of us in here that were in that debate when we, we had this amendment come up. The-- I sat on General Affairs with Senator Brewer and Senator Lowe, and it took us 3 weeks to determine if sports betting was passed by the people. We agreed it was. It went to the floor that way. And then an amendment came up on the floor doing this. It was a very enlightening and colorful debate. A lot of those people are moving on or have moved on since then. And I think in the spirit of collegiality, it passed at that time. It's estimated that 25% of the sports bet revenues leave the state because of, of this item right here. That doesn't mean 25% of them are not bet. They just are not bet in Nebraska. They go to-- they go to Iowa or probably more likely online. So I guess it's, it's in your hands to decide what we want to do here. But it just makes sense to me if, if we've got 75% of the pie, why don't we want to take the whole piece of the pie? So I'd be happy to answer any questions.

LOWE: All right. Thank you very much. Are there questions?

BRANDT: OK.

LOWE: Seeing none,--

BRANDT: Thank you.

LOWE: --have a good evening.

BRANDT: Yeah.

LOWE: There were-- online, it was 2 proponents, 1 opponent, and zero in the neutral. And that concludes LB32. We will now be hearing LR23CA as soon as our page gets done distributing what Senator Wayne brought.

HUGHES: You need a white shirt, though.

WAYNE: I was just in the rain. There's half a tree down by Billy's, just so you know.

HUGHES: That's exciting.

WAYNE: It's pretty windy out.

LOWE: Did the other half of the tree leave? Senator Wayne, welcome back to your room and the General Affairs Committee hearing.

WAYNE: Thank you, Chairman Lowe. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north

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Omaha and northeast Douglas County. I will be brief because I know people want to get out of here and you already had a long and extensive conversation on another constitutional amendment. The original constitutional amendment that was on the original bill, there was some concern that maybe it struck lotto and so I handed out an amendment that's a lot cleaner and I think easier. And the purpose of this LR wasn't to compete with Senator Bostar, but I want to kind of remind the committee, when doing a constitutional amendment, we have to think about what the voters will vote on. I've been lucky enough to pass two different constitutional amendments in my time down here, and it actually takes a lot of work to make sure how a voter will read it. So part of it is simplicity and part of it is to make sure that the everyday voter can understand what you're actually trying to do. So the amendment, I think, is a little simpler, it's a little cleaner. It gives the Legislature the authority to regulate. And I know there's going to be some opponents, and I won't go through all the testimony earlier you heard today. But let me just tell you what happened in my district. Part of my district is the only district that has another state within its borders. I literally have Carter Lake inside of my district. So what happened during College World Series was interesting, and I watched it firsthand. We had people leaving College World Series to walk less than a football field to Bob Kerrey Bridge to place their bets on their mobile phone and walk back over. We have tons of people who continually drive into Carter Lake, and there is an open parking lot where they sit and place their bets and drive away all the time right by the airport. So, to me, while the opponents will speak of the negative effects and all the things that happen, my district in Omaha already has those, but we don't have the same revenue. One person testified earlier that there were already \$4 million in rejected place betting because they try to do it online. That's \$4 million that arguably are already Nebraskans who are-- who are gambling. I understand the effects. That's why this amendment, which I did not give one of the opponents, but I'll give it to you when you come up, still make sure that we have gambler-- Compulsive Gambler Assistance Fund. We direct 80% to property tax relief, 5% to education, and the other 10% to General Funds. And, again, I think the voters have already voted on this issue, but it's time to open it up and just allow people to vote on the issue and do it from their phones and from-- quite honestly, they're already doing it anyway. Right now, I can log into a server using a VPN and gamble right now, and VPNs are free that you can download. So the idea that we're really geofencing this is just a misnomer, in my opinion. And with that, I'll answer any questions.

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LOWE: Thank you, Senator Wayne. Are there any questions? Senator Brewer.

BREWER: Thank you, Mr. Chairman. Earlier we got this and now what it does is shows kind of a lit up area here where this is where they were seeing a huge number of pings, basically. If you look at where the circle is, that's the airport. So it's directly north of the airport where the interstate crosses the river and there is a spot there where they have recorded the most hits. And so that's just exactly what you said. It's where they go to actually make the, the, the signal out of the area where it shows up. I mean, is that-- is that tracking what, what you think?

WAYNE: Yeah. So exit one-- Senator Lowe will know I've been trying to build a bridge from exit one to downtown Omaha since I've been down here. It's an exit to nowhere. When they first built the interstate system, they wanted to build another bridge there. So, literally, there's just kind of, like, two lots and you exit and you can come back over. So they, literally, drive across the Mormon Bridge, make their bets, come back.

BREWER: And that's what the data shows.

WAYNE: Yes.

LOWE: Thank you, Senator Brewer. Are there other questions?

WAYNE: Senator Lowe-- Chairman Lowe, so the key is if you build a bridge, they'll be able to make that bet and continue to go downtown--

BREWER: Yeah, put that on the list of to do's.

WAYNE: --instead of go back.

LOWE: Seeing no other questions, Senator Wayne, are you planning on staying?

WAYNE: I'll stay.

LOWE: OK.

WAYNE: Thank you.

LOWE: Good.

WAYNE: I still waive, but I'll stay.

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LOWE: All right. Are there any proponents for LB-- for LR23CA? Proponents? Are there any opponents for LR23CA?

NATE GRASZ: I think it's evening now, so good evening, Senators. Nate Grasz, N-a-t-e G-r-a-s-z, testifying on behalf of the Nebraska Family Alliance. We are opposed to LR23CA for the same reasons as given in my prior testimony. I think Senator Wayne's bill might have the distinction of the worst gambling bill we've seen today, that it could legalize every form of online gambling and not just sports betting. And, again, I want to thank the committee for your time today. We all know you have a tough job. And I would encourage you to continue to think about the ways this impacts families in our state and our kids and what's in the best interest of families and our kids and, and not the gambling industry. When I come up here to testify, I'm not speaking for myself, but for thousands of, of parents and families across our state who are relying on us to be here to advocate for, for their interests. Lastly, I think people on both sides of this issue know the simple truth that the house always wins. And so when state government partners with the gambling industry, in order for our state to win, it's our own citizens who have to lose. Thank you.

LOWE: Thank you, Mr. Grasz. Are there any questions? Senator Holdcroft.

HOLDCROFT: Thank you, Chairman Lowe. Nate, I noticed you were in opposition to every bill today except Senator Blood's bill. Why-- you OK with that one?

NATE GRASZ: No, we, we put in written, written opposition. We've opposed that measure in, in the past. It was difficult to prepare thoroughly enough to testify in person on each of the bills today on, on short notice. But whether it's online gambling, on real sports or fantasy sports, we believe that's a harmful activity that should be reduced rather than expanded.

HOLDCROFT: OK. Thank you.

NATE GRASZ: Thanks for the question.

LOWE: Thank you, Senator Holdcroft. Any other questions? Seeing none, thank you, Mr. Grasz.

NATE GRASZ: All right. Thank you all very much.

LORETTA FAIRCHILD: My name is Loretta Fairchild, L-o-r-e-t-t-a F-a-i-r-c-h-i-l-d. Thank you, Senators, for all your hard work. Thank

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you, Senator Wayne, for introducing this separate constitutional amendment. I hope that it might be modified in the future, perhaps even be used as a legislative vehicle or in some way be available for bringing in wording changes for bringing in totally new, fresh perspectives around gambling in Nebraska. For now, I hope that you will cooperate with this quick ending in committee so that the focus can stay on zero expansion of gambling within Nebraska. What I would hope you would all take away from this very long afternoon is, first of all please, delay is good for the Nebraska-- for all these bills. Delay is good. It allows time to get the wrinkles out and deal with-- the issue is property tax relief. Any gambling expansion is not helpful for that. We do need to have actions focused on Senator Brewer's constituents. What can be done to help those people fast who are having trouble with their property taxes and losing the farm? Focus there. Act quickly on that. Act quickly on getting the treatment programs into place before you pass any of these bills out. Focus on getting all gambling revenues into general revenues. That should happen before any more gambling legislation passes and before you put anything up to a vote of the people. Don't forget the \$7 million that launched the casino race track group. You got to keep in mind all the devious actions that went into that and came out of that. You have to ask more questions about who in Nebraska is going to be directly benefiting? All this altruism about I'm not a gambler, but we need this, doesn't wash. Work on the real problems. There have been bills brought in this session to do small step by step, bits on property tax. That's the way to do it. Wealth tax is a perfectly good option to expand property tax and it only hits the richest people. There's lots of other things that can be done on the property tax situation before you dump it into the gambling bucket. It's almost everything else before that. Thank you for listening with open hearts and minds.

LOWE: Thank you, Ms. Fairchild. Are there any questions? Seeing none, thank you very much.

LORETTA FAIRCHILD: Thanks for your patience.

LOWE: Other opponents? Are there other opponents? Those in the neutral? Senator Wayne, welcome back.

WAYNE: I will be brief. Alcohol destroys more lives across this country and in Nebraska than gambling. Yet, we allow it. I thought the principles of being conservative was to allow people to make adult decisions and have personal responsibility. During the school choice debate, I heard a lot of arguments about let the people decide-- let the people decide. That we shouldn't vote on it, let the people

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decide. Some of those same people are doing the opposite here, not necessarily in this committee, but when it comes down to this issue. It can't be convenient of when the people should decide what's best for Nebraska and when it isn't. All we're asking for, is put it on the ballot and let them decide. I don't think that's too much to ask for. That's it.

LOWE: Thank you, Senator Wayne. Are there any questions? This is your last chance to grill Senator Wayne.

WAYNE: This is my last committee hearing. I don't have a rose for you this time. I didn't think I was going to be back here so I apologize.

LOWE: Senator Wayne, it's been an honor to serve with both you and, and Senator Brewer. And it's been a great 8 years. Thank you very much.

WAYNE: Thank you.

BREWER: Thank you.

LOWE: And that concludes LR23CA. If I can get the committee to hang around for about 5 minutes afterwards, I would appreciate that.