

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$0		See Below
CASH FUNDS		\$0		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$0		See Below

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

LB 679 amends Nebraska Revised Statutes Section 9-1,101, regarding the distribution of tax revenue received on gross wagering under the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, and the Nebraska Small Lottery and Raffle Act.

Section 9-1,101 is amended to provide for the following new transfers:

- The first \$500,000 collected each fiscal year shall be transferred from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund;
- From the taxes collected each quarter, 7.5% of the remaining balance in the Charitable Gaming Operations Fund shall be transferred to the Compulsive Gamblers Assistance Fund;
- From the taxes collected each quarter and following the transfer to the Charitable Gaming Operations Fund of 7.5%, transfer 60% to the General Fund;

New language in the bill that amends Section 9-1,101(3)(b) provides that “the forty percent of the balance of the Charitable Gaming Operations Fund from the taxes collected each quarter of the fiscal year remaining after the transfers under subdivision (a) of this subsection shall be available to the Charitable Gaming Division for the administering and enforcing the acts listed in subsection (1) of this section and providing administrative support for the Nebraska Commission on Problem Gambling.

The bill has an operative date of July 1, 2019.

**TECHNICAL NOTE:**

We believe the new language of Section 9-1,101(3) (b) is unclear and can be interpreted to mean that the Charitable Gaming Division shall only utilize 40% of the remainder in the Charitable Gaming Operations Fund after transfers. If this is the case, the Division would be severely restricted in its ability to carry out its role and mission due to lack of funds. We believe the intent of this language was to allow the Division to utilize the entire amount of funds remaining in the Charitable Gaming Operations Fund after transfers but, again, this is unclear.

In addition, the bill does not specify when the transfers described above are to occur.

**FISCAL IMPACT:**

The Department of Revenue has estimated the following fiscal impact of LB 679:

Fiscal Year:	General Fund Revenue:	Charitable Gaming Operations Fund:	Compulsive Gamblers Assistance Cash Fund:
2018-19:	\$ 0	\$ 0	\$ 0
2019-20:	(\$ 536,400)	(\$ 307,600)	\$ 844,400
2020-21:	(\$ 539,400)	(\$ 309,600)	\$ 849,000
2021-22:	(\$ 541,800)	(\$ 311,200)	\$ 853,000

The Department of Revenue also indicates that under current law, any remaining money not used by the Charitable Gaming Division to administer and enforce the gaming acts may be transferred to the General Fund, at the direction of the Legislature. The decrease in revenue to the Charitable Gaming Operations Fund will reduce the amount that can be transferred to the General Fund each year.

The Department of Revenue indicates that there will be no cost to the Department to implement the provisions of LB 679. We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 679	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/20/2018	PHONE: <a href="tel:4024714181">(402) 471-4181</a>
COMMENTS: During the ten year period of FY 2009-10 through FY 2018-19, an average of over \$675,000 of excess money in the Charitable Gaming Operations Fund has been or is directed to be transferred to the General Fund pursuant to law. The Department of Revenue is correct in their statement that in addition to the direct General Fund revenue loss estimated by the Department, the reduction of revenue to the Charitable Gaming fund caused by the bill will also reduce General Fund revenue.		

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFA: 2/22/2018			
Approved by: Tony Fulton		Phone: 471-5896			
Date Prepared: 2/12/2018					
FY 2018-2019		FY 2019-2020		FY 2020-2021	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$ 0		(\$ 536,400)		(\$ 539,400)
Cash Funds			\$ 536,400		\$ 539,400
Federal Funds					
Other Funds					
<b>Total Funds</b>	<b>\$ 0</b>		<b>\$ 0</b>		<b>\$ 0</b>

LB 679 changes the distribution of taxes collected by the Department of Revenue on the gross wagering of bingo, pickle card, lottery and raffle, and keno activities to provide additional funding to the Compulsive Gamblers Assistance Fund.

LB 679 requires the State Treasurer to transfer the first \$500,000 collected each fiscal year from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund, plus transfer an additional 7.5% of the remaining balance in the Charitable Gaming Operations Fund from the taxes collected each quarter of the fiscal year to the Compulsive Gamblers Assistance Fund.

After the above stated transfers, the State Treasurer is to transfer 60% of the remaining balance in the Charitable Gaming Operations Fund to the General Fund, and the remaining 40% will remain available to the Charitable Gaming Division for administering and enforcing the gaming acts.

The estimated impact to the General Fund, Charitable Gaming Operations Fund and Compulsive Gamblers Assistance Fund is as follows:

Fiscal Year	Decrease in General Fund Receipts	Decrease in Charitable Gaming Operations Cash Fund	Increase in Compulsive Gamblers Assistance Cash Fund
FY 2019-20	\$ 536,400	\$ 307,600	\$ 844,000
FY 2020-21	\$ 539,400	\$ 309,600	\$ 849,000
FY 2021-22	\$ 541,800	\$ 311,200	\$ 853,000

In addition, under current law, any remaining money not used by the Division to administer and enforce the gaming acts may be transferred to the General Fund, at the direction of the Legislature. The decrease in revenue to the Charitable Gaming Operations Fund will reduce the amount that can be transferred to the General Fund each year.

It is estimated that there will be no cost to the Department to implement this bill.

The operative date for this bill is July 1, 2019.

**Major Objects of Expenditure**

Class Code	Classification Title	18-19	19-20	20-21	18-19	19-20	20-21
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	<b>Total.....</b>						