

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|--|--------------|-----------|--------------|-----------|
| | FY 2010-11 | | FY 2011-12 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | See Below | | See Below |
| CASH FUNDS | | See Below | | See Below |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | See Below | | See Below |

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 983 amends the Mechanical Amusement Device Tax Act to provide for the regulation and taxation of skilled mechanical amusement devices.

A skilled mechanical amusement device is defined, basically, as a machine that has the ability to award something of value and such award is earned by an element of skill.

The bill provides, in addition to the occupation tax currently imposed, an excise tax of ten percent of the net profits of a skilled mechanical amusement device. Net profits are defined as the amount of money that is inserted into a machine or device minus the amount of money awarded to the player.

All such excise taxes collected under the act are to be remitted to the State Treasurer for distribution by the State Racing Commission as purse supplements and stallion award for Nebraska-bred horses and for racetrack construction and maintenance.

The occupation tax would continue to be credited to the General Fund.

The Department of Revenue estimates that LB 983 will have a negative impact to the General Fund and a negative impact to the Gaming Cash Fund and a positive impact to the Racing Commission's Track Distribution Fund. The Department believes that the reduction in the General Fund and the Gaming Cash Fund will occur due to a reduction in keno and pickle card receipts and the substitution of skilled amusement devices for charitable gaming. The Department's estimates are as follows:

| | <u>General Fund:</u> | <u>Gaming Cash Fund:</u> | <u>Track Distribution Fund:</u> | <u>Net Impact:</u> |
|----------|----------------------|--------------------------|---------------------------------|--------------------|
| FY10-11: | (\$ 954,200) | (\$ 390,200) | \$1,122,000 | (\$ 222,400) |
| FY11-12: | (\$1,004,100) | (\$ 410,600) | \$1,180,700 | (\$ 234,000) |
| FY12-13: | (\$1,048,000) | (\$ 428,500) | \$1,232,300 | (\$ 244,200) |

The State Racing Commission has indicated they are unable to determine an exact impact for LB 983. However, based on information from the bill's supporters, the Commission believes the bill could receive at least \$100,000 from the excise tax.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact.