

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2011-12</b>		<b>FY 2012-13</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 681 amends Nebraska Revised Statute Sections 9-648 and 9-1,101 and creates a fund.

The bill creates the Live Horseracing Endowment Fund. The Nebraska State Racing Commission may use up to five percent of the fund for administrative purposes and the rest of the fund is to be used for purses for thoroughbred race meets at racetracks conducting live horseracing in Nebraska.

The bill also provides that the State Treasurer shall credit the proceeds of the keno lottery tax to the Charitable Gaming Operations Fund until such proceeds from the tax total \$4 million annually, and then credit the next \$2 million of proceeds annually to the Live Horseracing Endowment Fund. Any amount over \$6 million shall be credited 50 percent to the Charitable Gaming Operations Fund and 50 percent to the Live Horseracing Endowment Fund.

The keno tax is two percent of keno proceeds and is currently credited to the Charitable Gaming Operations Fund.

The bill has an operative date of January 1, 2012.

The Department of Revenue indicates that annual keno tax receipts are less than \$4 million, and under the current structure, are not expected to surpass that threshold, therefore no money would be credited to the Live Horseracing Endowment Fund. The Department indicates no cost to implement LB 681.

We agree with the Department of Revenue's estimate of fiscal impact.

The State Racing Commission has indicated an increase in revenue as a result of LB 681. However, the Commission's estimate is based on the premise that another bill pending before the Legislature will pass and will result in increased keno wagering and therefore, increased keno tax revenue. Given that we can not presume passage of that bill or an increase in keno tax revenue as a result, we disagree with the Commission's estimate.