PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 21, 2015 402-471-0051

**LB 17** 

Revision: 00

## **FISCAL NOTE**

## LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	5-16	FY 2016-17			
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE		
GENERAL FUNDS						
CASH FUNDS	See Below	See Below	See Below	See Below		
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	See Below	See Below	See Below	See Below		

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

LB 17 amends Nebraska Revised Statutes Sections 9-1,101, 9-831, and 9-1006.

Section 9-1,101 is amended to increase the amount of funds transferred from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund. The current transfer is \$50,000. The transfer would increase to \$250,000 annually, on or before November 1. No transfer will take place if the Charitable Gaming Operations Fund contains less than \$250,000.

Section 9-831 is amended to provide that the State Treasurer transfer not less than five percent of the Department of Revenue's Lottery Division's advertising budget from the State Lottery Operation Cash Fund to the Compulsive Gamblers Assistance Fund for use by the Commission on Problem Gambling. No date of transfer is specified. This would also remove the requirement that the Lottery Division spend at least five percent of its advertising budget on problem gambling awareness and education messages. Five percent of the Lottery Division's advertising budget is approximately \$350,000.

**TECHNICAL NOTE:** A similar transfer of the Lottery's advertising funds was proposed by LB 332 in 2005. An Attorney General's opinion (#05009) on the constitutionality of such a transfer stated that such a transfer was, "inconsistent with the distribution scheme set forth in art. III, sec. 24(3), which permits only the initial transfer of lottery proceeds to the Compulsive Gamblers Assistance Fund of \$500,000 and the 1 percent remainder transfer required under subsection (3)(a)(v). Therefore, the opinion concluded that such a distribution is unconstitutional because it was inconsistent with the specific distribution mechanism established in the Constitution.

There is no fiscal impact to the General Fund as a result of LB 17.

The Department of Revenue indicates no cost to implement the provisions of LB 17.

We agree with the Department's estimate of cost.

State Agency Estimate						
State Agency Name: Department o	f Revenue				Date Due LFA:	1/22/2015
Approved by: Len Sloup		Date Prepared:	1/22/2015		Phone: 471-5896	
	FY 2015-2016		FY 2016-2017		FY 2017-2018	
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds		\$ 0		\$ 0		\$ 0
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$ 0		\$ 0

LB 17 increases the amount annually transferred from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund from \$50,000 annually to \$250,000 annually.

This bill also changes the requirement for the Lottery to expend not less than 5% of its advertising budget on problem gambling messaging, in coordination with the Gamblers Assistance Program. Section 2 of this bill requires a direct transfer of 5% of the Lottery's advertising budget from the State Lottery Operation Cash Fund to the Compulsive Gamblers Assistance Fund.

It is estimated that there will be no fiscal impact to General Fund revenues.

The impact to the Charitable Gaming Operations Fund and the State Lottery Operation Cash Fund would be as follows:

Annual Transfer from Charitable Gaming Operations Fund				
	Charitable Gaming	Compulsive Gamblers		
Tax Year	Operations Fund	Assistance Fund		
FY 15-16	(\$ 250,000)	\$ 250,000		
FY 16-17	(\$ 250,000)	\$ 250,000		
FY 17-18	(\$ 250,000)	\$ 250,000		
FY 18-19	(\$ 250,000)	\$ 250,000		

Transfer from State Lottery Operation Cash Fund				
Tax Year	State Lottery Operation Cash Fund	Compulsive Gamblers Assistance Fund		
FY 15-16	(\$ 340,000)	\$ 340,000		
FY 16-17	(\$ 350,000)	\$ 350,000		
FY 17-18	(\$ 360,000)	\$ 360,000		
FY 18-19	(\$ 370,000)	\$ 370,000		

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

Major Objects of Expenditure							
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 <u>Expenditures</u>	17-18 <u>Expenditures</u>
Benefits							
Operating Costs							
Travel							
Capital Outlay							
Aid							
Capital Improvements							
Total							