Douglas Gibbs February 07, 2018 402-471-0051

## LB 1102

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)										
	FY 201	18-19	FY 2019-20							
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE							
GENERAL FUNDS		\$168,000		\$77,000						
CASH FUNDS		\$2,556,000	\$5,214,000	\$5,214,000						
FEDERAL FUNDS										
OTHER FUNDS										
TOTAL FUNDS		\$2,724,000	\$5,214,000	\$5,291,000						

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

LB 1102 amends sections of statute regarding gaming and lotteries.

Section 9-631 is amended to change the licensure requirement for conducting, operating, and working for a keno lottery from the current two year licensure period to a one year licensure period. The annual license fee to conduct a lottery is set at \$100 and an annual fee of \$1,000 for a lottery operator.

Section 9-648 is amended to increase the amount of tax on gross proceeds of the keno lottery from the current 2% to the new rate of 4%. In addition, the proceeds are the tax are now split between the Charitable Gaming Operation Fund and the Property Tax Credit Cash Fund, with each of the funds getting half of the tax proceeds. Current law provides that the amount credited to the Charitable Gaming Operation Fund is further split with 40% going to the Charitable Gaming Division for administration and enforcement and 60% credited to the General Fund

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

The Department of Revenue estimates the following fiscal impact of LB 1102:

Fiscal Year:	General Fund:	able Gaming tions Fund:	Property Tax Credit Cash Fund:	Total:
2018-19:	\$ 168,000	\$ 0	\$ 2,556,000	\$ 2,724,000
2019-20:	\$ 77,000	\$ 0	\$ 5,214,000	\$ 5,291,000
2020-21:	\$ 175,000	\$ 0	\$ 5,318,000	\$ 5,493,000
2021-22:	\$ 80,000	\$ 0	\$ 5,424,000	\$ 5,504,000

The Department of Revenue indicates there will be minimal cost to implement the provisions of LB 1102.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINI	ISTRATIVE SERVIC	CES STATE BUDGET DIVISIO	N: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 1102	AM:	AGENCY/POLT. SUB:	City of Omaha				
REVIEWED E	BY: Lyn Heaton	DATE: 2/9/2018	PHONE: (402) 471-4181				
COMMENTS: It is reasonable to conclude that the bill will impact the City of Omaha's net keno proceeds. However, contrary to their fiscal note, the January 1, 2019 effective date would mean the first fiscal year impact would be less than the fully annualized impact.							

## LB1102

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE								
LB: 1102	AM:	AGENCY/POLT. SUB	: Dept. of Revenue					
REVIEWED BY	Y: Lyn Heaton	DATE: 2/9/2018	PHONE: (402) 471-4181					
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis, though their fiscal note has omitted the increase in cash fund expenditures that would occur from the Property Tax Credit Cash Fund. The conclusion that the bill will result in General Fund revenue appears reasonable since under current law the excess funds in the Charitable Gaming Operations Fund not otherwise needed for administrative costs are transferred to the General Fund each year pursuant to section 9-1,101(3)(c).								

## Fiscal Note 2018

State Agency Estimate									
State Agency Name: Department of Revenue Date Due LFA: 01/31/2018								/31/2018	
Approved by: Tony Fulton		Date P	repared:	01/24/2018			Phone: 471-5896		
FY 2018-2019			FY 2019-2020		FY 2020-2021		21		
	Expenditures	Revenue		Expenditures		Revenue	Expenditures		Revenue
General Funds		\$ 168,00	00		\$	77,000		\$	175,000
Cash Funds		\$ 2,556,00	00		\$	5,214,000		\$	5,318,000
Federal Funds									
Other Funds									
Total Funds		\$ 2,724,00	00		\$	5,291,000		\$	5,493,000
-									

LB 1102 amends the Nebraska County and City Lottery Act.

Section 2 reduces the keno licensing period from two years to one year for (1) counties, cities, and villages, (2) lottery operators, (3) authorized sales outlets, and (4) lottery workers. The license fee for counties, cities, and villages remains at \$100. Because the licensing period is also reduced from two years to one year, the net effect is that the fee is doubled. The license fee for lottery operators is increased from \$500 to \$1,000. Because a lottery operator's licensing period is also reduced from two years to one year, the net effect is a four-fold fee increase.

Section 3 raises the keno tax from 2% of gross proceeds to 4% of gross proceeds. The 2% increases in the keno tax is deposited into the Property Tax Credit Cash Fund. The other 2% would then split between the Charitable Gaming Division and the General Fund at the ratio of 40% and 60%, respectively.

It is estimated that LB 1102 will have the following impact on revenues:

Fiscal Year	General Fund	Charitable Gaming Operations Fund	Property Tax Credit Cash Fund	Total
FY 18-19	\$ 168,000	\$ 0	\$ 2,556,000	\$ 2,724,000
FY 19-20	\$ 77,000	\$ 0	\$ 5,214,000	\$ 5,291,000
FY 20-21	\$ 175,000	\$ 0	\$ 5,318,000	\$ 5,493,000
FY 21-22	\$ 80,000	\$ 0	\$ 5,424,000	\$ 5,504,000

It is estimated that there will be minimal costs to the Department to implement this bill.

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

Major Objects of Expenditure									
Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>		
Benefits									
	Travel								
Capital Outlay									
	Capital Improvements								

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LB <sup>(1)</sup> 1102				FISCAL NOTE
State Agency OR Political S	ubdivision Name: (2)	City of Omaha		
Prepared by: <sup>(3)</sup> Tyler L	eimer	Date Prepared: (4)	1/26/2018 Phone: (5)	(402)444-4514
E	STIMATE PROVID	ED BY STATE AGENC	Y OR POLITICAL SUBDIVISI	ON
	FY 2	2018-19	FY 201	9-20
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,500,000		1,500,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate: Fiscal impact would double tax the City of Omaha pays the State per year from \$1,500,000 to \$3,000,000. This money is used for community betterment and without it the City would be need to use another avenue to fulfill budget obligations.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE								
Personal Services:								
POSITION TITLE	NUMBER OF 18-19	POSITIONS 19-20	2018-19 EXPENDITURES	2019-20 EXPENDITURES				
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								