

LEGISLATIVE BILL 694

Approved by the Governor April 19, 1994

Introduced by Will, 8; Schellpeper, 18

AN ACT relating to gambling; to amend sections 9-201 to 9-203, 9-206, 9-207, 9-209, 9-209.01, 9-210, 9-211, 9-212, 9-214, 9-214.01, 9-217, 9-220, 9-225, 9-226.01, 9-226.02, 9-227, 9-228, 9-230, 9-233, 9-237, 9-255, 9-262.01, 9-264, 9-266, 9-301, 9-303, 9-304, 9-307, 9-309, 9-310, 9-322.01, 9-324, 9-327 to 9-329, 9-330, 9-331, 9-332, 9-334, 9-335, 9-336, 9-340, 9-342, 9-344, 9-345.01, 9-346, 9-347, 9-348, 9-348.01, 9-349, 9-356, 9-401, 9-403, 9-404, 9-407, 9-408, 9-409, 9-418, 9-418.02, 9-420, 9-424, 9-425, 9-427, 9-429, and 9-508, Reissue Revised Statutes of Nebraska, 1943, and sections 9-1,101, 9-1,104, 9-204, 9-226, 9-315, 9-322, 9-329.01, 9-329.02, 9-629, 9-632, 9-639, 9-642, 9-701, 9-801, 9-803, 9-809, 9-812, 9-814, 9-826, 9-832, and 9-834, Revised Statutes Supplement, 1993; to change, provide, and eliminate powers and duties related to bingo, lottery by the sale of pickle cards, lotteries, raffles, and gift enterprises; to define and redefine terms; to change and provide penalties; to change, provide, and eliminate fees; to create and rename funds; to change provisions relating to audit and legal expenses under the Nebraska County and City Lottery Act; to harmonize provisions; to provide operative dates; to repeal the original sections, and also sections 9-218, 9-219, 9-221, 9-222, 9-223, 9-232, 9-233.01 to 9-235, 9-235.02, 9-235.03, 9-238, 9-242 to 9-254, and 9-256 to 9-261, Reissue Revised Statutes of Nebraska, 1943, and section 9-235.01, Revised Statutes Supplement, 1993; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 9-1,101, Revised Statutes Supplement, 1993, be amended to read as follows:

9-1,101. (1) The Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, and section 9-701 shall be administered and enforced by the Charitable Gaming Division of the Department of Revenue, which division is hereby created. The Department of Revenue shall make annual reports to the Governor, Legislature, Auditor of Public Accounts, and Attorney General on all tax revenue received, expenses incurred, and other activities relating to the administration and enforcement of such acts.

(2) The Charitable Gaming Operations Fund is hereby created. Any money in the fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to 72-1276.

(3) Forty percent of the taxes collected pursuant to sections 9-239, 9-344, 9-429, and 9-648 shall be available to the Charitable Gaming Division for administering and enforcing the acts and section 81-8,128. The remaining sixty percent, along with any portion of the forty percent not used by the division in its administration and enforcement of such acts or section 81-8,128, shall be transferred to the General Fund.

(4) The Tax Commissioner shall employ investigators and inspectors who shall be appointed deputy state sheriffs by the Governor and who shall, upon qualifying for such office, possess all the powers which attach to such office, except that their powers and duties shall be restricted to the enforcement of the acts who shall be vested with the authority and power of a law enforcement officer to carry out the laws of this state administered by the Tax Commissioner or the Department of Revenue.

(5) The Charitable Gaming Division may charge a fee for publications and listings it produces. The fee shall not exceed the cost of publication and distribution of such items. The division may also charge a fee for making a copy of any record in its possession equal to the actual cost per page. The division shall remit the fees to the State Treasurer for credit to the Charitable Gaming Operations Fund.

Sec. 2. That section 9-1,104, Revised Statutes Supplement, 1993, be amended to read as follows:

9-1,104. (1) Any person applying for or holding a contract or license (a) as a distributor, gaming manager, or manufacturer pursuant to the Nebraska Bingo Act, (b) as a distributor, manufacturer, pickle card operator, or sales agent pursuant to the Nebraska Pickle Card Lottery Act, (c) as a lottery operator, manufacturer-distributor, or sales outlet location pursuant

to the Nebraska County and City Lottery Act, or (d) pursuant to the State Lottery Act shall be subject to fingerprinting and a check of his or her criminal history record information maintained by the Identification Division of the Federal Bureau of Investigation through the Nebraska State Patrol for the purpose of determining whether the Department of Revenue has a basis to deny the contract or license application or to suspend, cancel, revoke, or terminate the person's contract or license. Each applicant for or party holding a license as a manufacturer, distributor, manufacturer-distributor, or lottery operator shall also submit a personal history report to the department on a form provided by the department and may be subject to a background investigation, an inspection of the applicant's or licensee's facilities, or both.

(2)(a) If the applicant, party to the contract, or licensee is a corporation, ~~or organization~~, the persons subject to such requirements shall include any officer or director of the corporation, ~~or organization~~, his or her spouse, any person or entity directly or indirectly associated with such corporation ~~or organization~~ in a consulting or other capacity which may impair the security, honesty, or integrity of the operation or conduct of the activities for which the application is made or contract or license is held, and, if applicable, any person or entity holding in the aggregate ten percent or more of the debt or equity of the corporation, ~~or organization~~. If any person or entity holding ten percent or more of the debt or equity of the applicant, contractor, or licensee corporation is a corporation, partnership, or limited liability company, every partner of such partnership, officer or director of such corporation or partnership, every person or entity holding ten percent or more of the debt or equity of such corporation or partnership, and every person or entity directly or indirectly associated with such corporation or partnership in a consulting or other capacity which may impair the security, honesty, or integrity of the operation or conduct of the activities for which the application is made or contract or license is held, or member of a limited liability company may also be subject to such requirements. If the applicant, party to the contract, or licensee is a partnership, the persons subject to such requirements shall include any partner, his or her spouse, any officer or director of the partnership, or any person or entity directly or indirectly associated with such partnership in a consulting or other capacity which may impair the security, honesty, or integrity of the operation or conduct of the activities for which the application is made or contract or license is held. If the applicant, party to the contract, or licensee is a limited liability company, the persons subject to such requirement shall include any member and his or her spouse. If the applicant, party to the contract, or licensee is a nonprofit organization or nonprofit corporation, the person subject to such requirement shall be the person designated by such nonprofit organization or nonprofit corporation as the manager.

(b) Notwithstanding the provisions of this section, background investigations shall not be required of any debt holder which is a financial institution authorized to conduct business in the State of Nebraska organized or chartered under the laws of this state, any other state, or the United States relating to banks, savings institutions, trust companies, savings and loan associations, credit unions, industrial loan and investment companies, installment loan licensees, or similar associations organized under the laws of this state and subject to supervision by the Department of Banking and Finance.

(3) A person applying for or holding a license as a pickle card operator, lottery operator, or sales outlet location shall be subject to fingerprinting and a check of his or her criminal history record information maintained by the Identification Division of the Federal Bureau of Investigation through the Nebraska State Patrol only if such an investigation has not been performed by the Nebraska Liquor Control Commission.

(4)(a) The applicant, party to the contract, or licensee shall pay the actual cost of any fingerprinting or check of his or her criminal history record information.

(b) The Department of Revenue may require an applicant or licensee subjected to a background investigation, a facilities inspection, or both to pay the actual costs incurred by the department in conducting the investigation or inspection. The department may require payment of the estimated costs in advance of beginning the investigation or inspection. If an applicant does not wish to pay the estimated costs, it may withdraw its application and its application fee will be refunded. After completion of the investigation or inspection, the department shall refund any overpayment or shall charge and collect an amount sufficient to reimburse the department for any underpayment of actual costs. The department may establish by rule and

regulation the conditions and procedures for payment of the costs.

(5) Refusal to comply with this section by any person contracted with, licensed, or seeking a contract or license under the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act, or the State Lottery Act shall be a violation of the act under which such person is contracted with, licensed, or seeking licensure seeking a contract or license.

Sec. 3. That section 9-201, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-201. Sections 9-201 to 9-266 and sections 7 to 9, 19, 21, 23, 25, 32, 34 to 36, 38 to 47, and 49 to 58 of this act shall be known and may be cited as the Nebraska Bingo Act.

Sec. 4. That section 9-202, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-202. (1) The purpose of the Nebraska Bingo Act is to protect the health and welfare of the public, to protect the economic welfare and interest in the fair play of bingo, participants, to insure that the profits gross receipts derived from the operation conduct of bingo are accurately reported in order that their revenue-raising potential be fully exposed, to insure that the profits of bingo are used for legitimate lawful purposes, and to prevent the purposes for which the profits of bingo are to be used from being subverted by improper elements. Bingo shall be played and conducted only by those methods permitted in by the act or by rules and regulations adopted pursuant to the act. No other form, means of selection, or method of play shall be authorized or permitted.

(2) The purpose of the act is also to completely and fairly regulate each level of the traditional marketing, conducting, and playing schemes of bingo to insure fairness, quality, and compliance with the Constitution of Nebraska. To accomplish such purpose, the regulation and licensure of manufacturers and distributors of bingo supplies and equipment, nonprofit organizations, utilization-of-funds members, gaming managers, commercial lessors, conducting bingo, supervising members, members responsible for the proper utilization of gross receipts, and any other person involved in the marketing, conducting, and playing schemes promoting of bingo are necessary.

(3) The intent of the act is that if facilities or supplies and equipment used for bingo occasions regulated by the act are leased or rented pursuant to the act (a) they shall be leased or rented at not more than their fair market value, (b) no lease or rental agreement shall provide a means for providing or obtaining a percentage of the receipts or a portion of the profits from the bingo operation, and (c) rental or lease agreements entered into for facilities shall be separate and apart from lease and rental agreements for bingo supplies and equipment.

Sec. 5. That section 9-203, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-203. For purposes of the Nebraska Bingo Act, unless the context otherwise requires, the definitions found in sections 9-204 to 9-225 and sections 7 to 9, 19, 21, 23, and 25 of this act shall be used.

Sec. 6. That section 9-204, Revised Statutes Supplement, 1993, be amended to read as follows:

9-204. (1) Bingo shall mean that form of gambling in which:

(1) The winning chances are determined by a random selection of a subset of numbers or designators or objects numbered, lettered, or otherwise designated by some medium among a total set of numbers or designators or objects numbered, lettered, or otherwise designated by some medium; and

(2) The card or cards held by the player by which a winner or winners are ascertained are sold, rented, or used only at the time and place of the gambling activity.

(a) The winning numbers are determined by random selection from a pool of seventy-five or ninety numbered designators; and

(b) Players mark those randomly selected numbers which match on bingo cards which they have purchased or leased only at the time and place of the bingo occasion.

(2) Bingo shall not mean or include:

(a) Any scheme which uses any mechanical gaming device, computer gaming device, electronic gaming device, or video gaming device which has the capability of awarding something of value, free games redeemable for something of value, or tickets or stubs redeemable for something of value;

(b) Any activity which is authorized or regulated under the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, the State Lottery Act, section 9-701, or Chapter 2, article 12; or

(c) Any γ nor shall bingo mean or include any activity which is

prohibited under Chapter 28, article 11.

Sec. 7. Bingo card shall mean:

(1) In the case of seventy-five-number bingo, a disposable paper bingo card or a reusable hard bingo card or shutter card, which has letters and numbers preprinted by the manufacturer and which:

(a) Contains five columns with five squares in each column;

(b) Identifies the five columns from left to right by the letters B-I-N-G-O; and

(c) Contains in each square, except for the center square identified as "free", one number from a pool of seventy-five numbers; or

(2) In the case of ninety-number bingo, a disposable paper bingo card which has numbers preprinted by the manufacturer and which:

(a) Contains six faces with each face containing twenty-seven squares arranged in nine columns of three squares each; and

(b) Contains in fifteen squares of each face a number from one to ninety which is not repeated on the same card.

The department may, by rule and regulation, approve variations to the card formats described in subdivisions (1) and (2) of this section if such variations result in a bingo game which is conducted in a manner that is consistent with section 9-204.

Sec. 8. Bingo chairperson shall mean one individual member of a licensed organization who is designated as responsible for overseeing the organization's bingo activities.

Sec. 9. Bingo equipment shall mean all devices, machines, and parts used in and which are an integral part of the conduct of bingo, including, but not limited to, bingo cards, disposable bingo paper, bingo balls, bingo blower devices, and computerized accounting systems.

Sec. 10. That section 9-206, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-206. Bingo supplies and equipment shall mean all cards, boards, sheets, markers, pads, or other supplies, devices, or equipment designed for use in the play of bingo any items other than bingo equipment which may be used by a player to assist in the playing of bingo, including, but not limited to, daubers, chips, and glue sticks.

Sec. 11. That section 9-207, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-207. Cancel shall mean to discontinue all rights and privileges to hold a license or permit for up to three years.

Sec. 12. That section 9-209, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-209. Distributor shall mean any person licensed pursuant to section 9-235 who purchases or otherwise obtains bingo supplies or equipment from a licensed manufacturer to sell, lease, distribute, or otherwise provide without charge or for a nominal fee in this state to a licensed organization and shall not include any person or persons who solely provide bingo supplies or equipment to be used for the conduct of bingo games which are not subject to regulation under in this state to a licensed organization or licensed commercial lessor for use in a bingo occasion regulated by the Nebraska Bingo Act.

Sec. 13. That section 9-209.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-209.01. Gaming manager shall mean any person who is licensed by a Class II bingo licensee to be responsible for the supervision and operation of a bingo game on behalf of a licensed organization, including the conduct or operation of any lottery by the sale of pickle cards or any other kind of gambling activity at a bingo game which is authorized or regulated under Chapter 9. He or she shall be the authority on the premises where the bingo game is conducted and shall supervise and direct other people working at such bingo game all gaming activities authorized and regulated under Chapter 9 which are conducted at the bingo occasions of a Class II bingo licensee.

Sec. 14. That section 9-210, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-210. Gross receipts shall mean the total receipts received from the conduct of bingo, including, but not limited to, receipts from admission admissions to the premises where bingo is conducted, when such admissions are directly related to the participation in bingo, and or from the sale, rental, or use of regular bingo cards, special bingo cards, and bingo supplies all bingo cards.

Sec. 15. That section 9-211, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-211. (1) Lawful purpose, for a licensed organization or a qualifying nonprofit organization making a donation of its profits derived

from activities under the Nebraska Bingo Act solely to and the conduct of bingo solely for its own organization, shall mean donating such profits for any activity which benefits and is conducted by the organization, including any charitable, benevolent, humane, religious, philanthropic, recreational, social youth sports, educational, civic, or fraternal activity conducted by the organization for the benefit of its members.

(2) Lawful purpose, for a licensed organization or a qualifying nonprofit organization making a donation of its profits derived from the conduct of bingo outside of its organization, shall mean donating such profits only to:

(a) A state, a territory or possession of the United States, any political subdivision of such state, territory, or possession, the United States, or the District of Columbia, but only if the contribution or gift The State of Nebraska or any political subdivision of the state but only if the donation is made exclusively for public purposes;

(b) A corporation, trust, community chest, fund, or foundation:

(i) Created or organized in the United States or in any territory or possession thereof or under the laws of the United States, any state, the District of Columbia, or any territory or possession of the United States under the laws of Nebraska which has been in existence for five consecutive years immediately preceding the date of the donation and which has its principal office located in Nebraska;

(ii) Organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, for the prevention of cruelty to children or animals, or to foster national or international amateur sports competition;

(iii) No part of the net earnings of which inures to the benefit of any private shareholder or individual;

(iv) Which is not disqualified for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, by reason of attempting to influence legislation; and

(v) Which does not participate in any political campaign on behalf of any candidate for political office; or

(c) A post or organization of war veterans or an auxiliary unit or society of, trust for, or foundation for any such post or organization:

(i) Organized in the United States or in any territory or possession thereof; and

(ii) No part of the net earnings of which inures to the benefit of any private shareholder or individual.

(3) No donation of profits under this section shall (a) inure to the benefit of any individual member of the licensed organization making the donation except to the extent it is in furtherance of the purposes described in this section or (b) be used for any activity which attempts to influence legislation or for any political campaign on behalf of any elected official or person who is or has been a candidate for public office.

(4) Upon dissolution of a licensed organization or if a previously licensed organization does not renew its license to conduct bingo, its license renewal application is denied, or its license is canceled, suspended, or revoked, all remaining profits derived from activities under the Nebraska Bingo Act the conduct of bingo shall be utilized for a lawful purpose and shall not be distributed to any private individual or shareholder. The disbursement of such remaining profits shall be reported to the department in the manner prescribed in section 9-259 subject to approval by the department.

Sec. 16. That section 9-212, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-212. License shall mean any license to conduct bingo as provided in section 9-231 9-233, any license for a designated supervising member or designated member responsible for the proper utilization of gross receipts as provided in section 9-232 utilization-of-funds member as provided in section 34 of this act, any manufacturer's license as provided in section 9-233-01 57 of this act, any distributor's license as provided in section 9-235 55 of this act, any gaming manager's license as provided in sections 9-235-01 and 9-235-02 section 34 of this act, or any commercial lessor's license as provided in section 9-235-03 54 of this act.

Sec. 17. That section 9-214, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-214. Limited period bingo shall mean the conduct of bingo at a festival, bazaar, picnic, carnival, or similar special function conducted by a licensed organization. No more than four limited periods with a total of not more than seven days shall be held in any annual license year. The licensee shall notify the department at least ten days prior to the start of any limited period bingo session conducted by the licensee a bingo occasion.

authorized by the department to be conducted, which is in addition to a licensed organization's regularly scheduled bingo occasions.

Sec. 18. That section 9-214.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-214.01. (1) Manufacturer shall mean any person (1) who manufactures, converts, modifies, adds to, or removes parts or a portion from any bingo supplies and equipment, item, device, or assembly to further its promotion or sale for use in a bingo activity regulated by the Nebraska Bingo Act or (2) who assembles from raw materials or subparts a completed item or items defined as bingo supplies and equipment which are used in connection with any bingo activity regulated by the act, except that a person who assembles, produces, makes, or prints any bingo equipment.

(2) Manufacturer shall not mean or include a licensed distributor who places, finishes, or configures disposable bingo paper, which has been produced by a licensed manufacturer, into a looseleaf or book form or some other format for distribution to an organization licensed to conduct bingo, shall not be considered a manufacturer but shall be considered a distributor.

Sec. 19. Permit shall mean a special event bingo permit as provided in section 32 of this act.

Sec. 20. That section 9-217, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-217. Profit shall mean the gross receipts collected from one or more bingo games, less reasonable sums necessarily and actually expended for prizes, taxes, license and permit fees, bingo equipment, the cost of renting or leasing a premises for the conduct of bingo, and other allowable expenses.

Sec. 21. (1) Qualifying nonprofit organization, for the purpose of special event bingo, shall mean a nonprofit organization:

(a) Which holds a certificate of exemption under section 501 of the Internal Revenue Code of 1986, as amended, or the major activities of which, exclusive of conducting gaming activities regulated under Chapter 9, are conducted for charitable or community betterment purposes; and

(b) Which has been in existence in this state for a period of at least five years immediately preceding its application for a permit.

(2) Qualifying nonprofit organization shall not mean or include any organization which holds a license pursuant to the Nebraska Bingo Act.

Sec. 22. That section 9-220, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-220. Revoke shall mean to permanently void and recall all rights and privileges of an organization or a person to obtain a license or a permit.

Sec. 23. Special event bingo shall mean the conduct of bingo as provided in section 32 of this act by a qualifying nonprofit organization in conjunction with a special event.

Sec. 24. That section 9-225, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-225. Suspend shall mean to cause a temporary interruption of all rights and privileges of a license or the renewal thereof and all rights and privileges to obtain a permit.

Sec. 25. Utilization-of-funds member shall mean a member of the organization who shall be responsible for the proper utilization of the gross receipts derived from the conduct of bingo by the licensed organization.

Sec. 26. That section 9-226, Revised Statutes Supplement, 1993, be amended to read as follows:

9-226. The department shall have the following powers, functions, and duties:

(1) To issue licenses, temporary licenses, and permits;

(2) To deny any license or permit application or renewal license application for cause. Cause for denial of an application for or renewal of a license shall include instances in which the applicant individually or, in the case of a business entity or a nonprofit organization, any officer, director, employee, or limited liability company member of the applicant, licensee, or permittee other than an employee whose duties are purely ministerial in nature, any other person or entity directly or indirectly associated with such applicant, licensee, or permittee which directly or indirectly receives compensation other than distributions from a bona fide retirement or pension plan established pursuant to Chapter 400 of the Internal Revenue Code of 1986, as amended, from such applicant for past or present services in a consulting capacity or otherwise, the licensee, or licensee or any person with a substantial interest therein in the applicant, licensee, or permittee:

(a) Violated the provisions, requirements, conditions, limitations, or duties imposed by the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, or the State Lottery

Act or any rules or regulations adopted and promulgated pursuant to the acts;

(b) ~~knowingly~~ Knowingly caused, aided, abetted, or conspired with another to cause any person to violate any of the provisions of such acts or any rules or regulations adopted and promulgated pursuant to such acts;

(c) ~~obtained~~ Obtained a license or permit pursuant to such acts by fraud, misrepresentation, or concealment;

(d) ~~was~~ Was convicted of, forfeited bond upon a charge of, or pleaded guilty to ~~forgery, larceny, extortion, conspiracy to defraud or nolo contendere to any offense or crime, whether a felony or misdemeanor, involving any gambling activity or fraud, theft,~~ willful failure to make required payments or reports, or filing false reports with a governmental agency at any level;

(e) Was convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any felony other than those described in subdivision (d) of this subdivision within the ten years preceding the filing of the application;

(f) Denied to governmental agencies at any level, filing false reports with any such agency, or any similar offense or offenses or any crime, whether a felony or misdemeanor, involving any gambling activity or involving moral turpitude; ~~(e) denied the department or its authorized representatives, including authorized law enforcement agencies, access to any place where bingo activity required to be licensed or for which a permit is required under the Nebraska Bingo Act is being conducted or failed to produce for inspection or audit any book, record, document, or item required by law, rule, or regulation;~~

(g) Made ~~(f) made~~ a misrepresentation of or failed to disclose a material fact to the department;

(h) Failed ~~(g) failed~~ to prove by clear and convincing evidence his, or her, or its qualifications to be licensed or granted a permit in accordance with the Nebraska Bingo Act;

(i) Failed ~~(h) failed~~ to pay any taxes and additions to taxes, including penalties and interest, required by the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act or any other taxes imposed pursuant to the Nebraska Revenue Act of 1967; or ~~(i) failed~~

(j) Failed to pay an administrative fine imposed levied pursuant to the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act;

(k) Failed to demonstrate good character, honesty, and integrity; or ~~(l) Failed to demonstrate, either individually or, in the case of a business entity or a nonprofit organization, through its managers, employees, or agents, the ability, experience, or financial responsibility necessary to establish or maintain the activity for which the application is made.~~

No license renewal shall be issued when the applicant for renewal would not be eligible for a license upon a first application.

(3) To revoke, cancel, or suspend for cause any license or permit. Cause for revocation, cancellation, or suspension of a license or permit shall include instances in which the licensee or permittee individually or, in the case of a business entity or a nonprofit organization, any officer, director, employee, or limited liability company member of the licensee or permittee, other than an employee whose duties are purely ministerial in nature, any other person or entity directly or indirectly associated with such licensee or permittee which directly or indirectly receives compensation other than distributions from a bona fide retirement or pension plan established pursuant to Chapter 400 of the Internal Revenue Code of 1986, as amended, from such licensee or permittee for past or present services in a consulting capacity or otherwise, or any person with a substantial interest therein in the licensee or permittee:

(a) Violated the provisions, requirements, conditions, limitations, or duties imposed by the Nebraska Bingo Act or any rules or regulations adopted and promulgated pursuant to the act;

(b) ~~knowingly~~ Knowingly caused, aided, abetted, or conspired with another to cause any person to violate any of the provisions of the act or any rules or regulations adopted and promulgated pursuant to the act;

(c) ~~obtained~~ Obtained a license or permit pursuant to the act by fraud, misrepresentation, or concealment;

(d) ~~was~~ Was convicted of, forfeited bond upon the charge of, or pleaded guilty to ~~forgery, larceny, extortion, conspiracy to defraud or nolo contendere to any offense or crime, whether a felony or a misdemeanor, involving any gambling activity or fraud, theft,~~ willful failure to make required payments or reports, or filing false reports with ~~to~~ a governmental agency at any level;

(e) Was convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any felony other than those described in subdivision (d) of this subdivision within the ten years preceding the filing of the application;

(f) Denied ~~γ~~ filing false reports with any such agency, or any similar offense or offenses or any crime, whether a felony or misdemeanor, involving any gambling activity or moral turpitude; (e) denied the department or its authorized representatives, including authorized law enforcement agencies, access to any place where bingo activity required to be licensed or for which a permit is required under the act is being conducted or failed to produce for inspection or audit any book, record, document, or item required by law, rule, or regulation;

(g) Made ~~γ~~ made a misrepresentation of or failed to disclose a material fact to the department;

(h) Failed (g) failed to pay any taxes and additions to taxes, including penalties and interest, required by the act;

(i) Failed or (h) failed to pay an administrative fine imposed levied pursuant to the act Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act;

(j) Failed to demonstrate good character, honesty, and integrity; or
 (k) Failed to demonstrate, either individually or, in the case of a business entity or a nonprofit organization, through its managers, employees, or agents, the ability, experience, or financial responsibility necessary to maintain the activity for which the license was issued;

(4) To issue and cause to be served upon any licensee holder licensee or permittee an order requiring the licensee holder licensee or permittee to cease and desist from violations of the act Nebraska Bingo Act. The order shall give reasonable notice of the rights of the licensee holder licensee or permittee to request a hearing and shall state the reason for the entry of the order. A hearing shall be held not later than seven days after the request for the hearing is received by the Tax Commissioner, and within twenty days of the date of the hearing, the Tax Commissioner shall issue an order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be held in accordance with the rules and regulations adopted and promulgated by the department. If the licensee holder licensee or permittee to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the licensee holder licensee or permittee shall be deemed in default and the proceeding may be determined against the licensee holder licensee or permittee upon consideration of the cease and desist order, the allegations of which may be deemed to be true;

(5) To impose levy an administrative fine of not more than one thousand dollars on a licensee an individual, partnership, limited liability company, corporation, or organization for cause. For purposes of this subdivision, cause shall include instances in which the licensee an individual, partnership, limited liability company, corporation, or organization violated the provisions, requirements, conditions, limitations, or duties imposed by the act or rules and regulations adopted and promulgated pursuant to the act. In determining whether to impose levy an administrative fine and the amount of the fine if any fine is imposed levied, the department shall take into consideration the seriousness of the violation and the extent to which the licensee violator derived financial gain as a result of the violation. If an administrative fine is imposed levied, the fine shall not be paid from bingo gross receipts of a licensed an organization and shall be remitted by the licensee violator to the department within thirty days from the date of the order issued by the department imposing levying such fine;

(6) To enter or to authorize any law enforcement officer to enter at any time upon any premises where bingo activity required to be licensed or for which a permit is required under the act is being conducted to determine whether any of the provisions of the act or any rules or regulations adopted and promulgated under at the act have been or are being violated and at such time to examine such premises;

(7) To require periodic reports of bingo activity from licensee holders licensees under the act as the department deems necessary to carry out the act;

(8) To examine or to cause to have examined, by any agent or representative designated by the department for such purpose, any books, papers, records, or memoranda relating to bingo activities of any licensee or permittee, to require by administrative order or summons the production of such documents or the attendance of any person having knowledge in the premises, to take testimony under oath, and to acquire proof material for its information. If any such person willfully refuses to make documents available

for examination by the department or its agent or representative or willfully fails to attend and testify, the department may apply to a judge of the district court of the county in which such person resides for an order directing such person to comply with the department's request. If any documents requested by the department are in the custody of a corporation, the court order may be directed to any principal officer of the corporation. If the documents requested by the department are in the custody of a limited liability company, the court order may be directed to any member when management is reserved to the members or otherwise to any manager. Any person who fails or refuses to obey such a court order shall be guilty of contempt of court;

(9) Unless specifically provided otherwise, to compute, determine, assess, and collect the amounts required to be paid to the state as taxes imposed by the act in the same manner as provided for sales and use taxes in the Nebraska Revenue Act of 1967;

(10) To confiscate and seize bingo supplies and equipment pursuant to section 9-262.01; and

(11) To adopt and promulgate such rules and regulations, prescribe such forms, and employ such staff, including inspectors, as are necessary to carry out the Nebraska Bingo Act.

Sec. 27. That section 9-226.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-226.01. (1) Before any application is denied pursuant to section 9-226, the department shall notify the applicant in writing of the department's intention to deny the application and the reasons for the denial. Such notice shall inform the applicant of his or her right to request an administrative hearing for the purpose of reconsideration of the intended denial of the application.

(2) A request for hearing by the applicant shall be in writing and shall be filed with the department within thirty days after the service of notice to the applicant of the department's intended denial of the application. If a request for hearing is not filed within the thirty-day period, the license application denial shall become final at the expiration of such period.

(3) If a request for hearing is filed within the thirty-day period, the Tax Commissioner shall grant the applicant a hearing and shall, at least ten days before the hearing, serve notice upon the applicant by certified or registered mail, return receipt requested, of the time, date, and place of the hearing. Such proceedings shall be considered contested cases pursuant to the Administrative Procedure Act.

Sec. 28. That section 9-226.02, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-226.02. (1) All money collected by the department as an administrative fine shall be remitted on a monthly basis to the State Treasurer for credit to the permanent school fund.

(2) Any administrative fine imposed levied under section 9-226 and unpaid shall constitute a debt to the State of Nebraska which may be collected by lien foreclosure or sued for and recovered in any proper form of action, in the name of the State of Nebraska, in the district court of the county in which the violator resides or owns property.

Sec. 29. That section 9-227, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-227. (1) The Tax Commissioner may suspend any license or permit, except that no order to suspend any license or permit shall be issued unless the department determines that the licensee or permittee is not operating in accordance with the purposes and intent of the Nebraska Bingo Act.

(2) Before any license or permit is suspended prior to a hearing, notice of an order to suspend a license or permit shall be mailed to or personally served upon the licensee or permittee at least fifteen days before the order of suspension takes effect.

(3) The order of suspension may be withdrawn if the licensee or permittee provides the department with evidence that any prior findings or violations have been corrected and that the licensee or permittee is now in full compliance with the act, whether before or after the effective date of the order of suspension.

(4) The Tax Commissioner may issue an order of suspension pursuant to subsections (1) and (2) of this section when an action for suspension, cancellation, or revocation is pending. The Tax Commissioner may also issue an order of suspension after a hearing for a limited time of up to one year without an action for cancellation or revocation pending.

(5) The hearing for suspension, cancellation, or revocation of the license or permit shall be held within twenty days of the date the suspension

takes effect. A request by the licensee or permittee to hold the hearing after the end of the twenty-day period shall extend the suspension until the hearing.

(6) The decision of the department shall be made within twenty days of the conclusion of the hearing. The suspension shall continue in effect until the decision is issued. If the decision is that an order of suspension, revocation, or cancellation is not appropriate, the suspension shall terminate immediately by order of the Tax Commissioner. If the decision is an order for the suspension, revocation, or cancellation of the license or permit, the suspension shall continue pending an appeal of the decision of the department.

(7) Any period of suspension prior to the issuance of an order of suspension issued by the Tax Commissioner shall count toward the total amount of time a licensee or permittee shall be suspended from gaming activities under the Nebraska Bingo Act. Any period of suspension prior to the issuance of an order of cancellation shall not reduce the period of the cancellation. Any period of suspension after the issuance of the order and during an appeal shall be counted as a part of the period of cancellation.

Sec. 30. That section 9-228, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-228. Before the adoption, amendment, or repeal of any rule or regulation, the suspension, revocation, or cancellation of any license or permit, or the imposition levying of any administrative fine pursuant to section 9-226, the department shall set the matter for hearing. Such suspension, revocation, or cancellation proceedings or proceedings to impose levy an administrative fine shall be considered contested cases pursuant to the Administrative Procedure Act.

At least ten days before the hearing, the department shall (1) in the case of suspension, revocation, or cancellation proceedings or proceedings to impose levy an administrative fine, serve notice upon the licensee or permittee by personal service or certified or registered mail, return receipt requested, of the time, date, and place of any hearing or (2) in the case of adoption, amendment, or repeal of any rule or regulation, issue a public notice of the time, date, and place of such hearing.

This section shall not apply to an order of suspension by the Tax Commissioner prior to a hearing as provided in section 9-227.

Sec. 31. That section 9-230, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-230. (1) No person, except a licensed organization or qualifying nonprofit organization operating pursuant to the Nebraska Bingo Act, shall conduct any game of bingo for which a charge is made, and no person except a licensed organization shall award or to the winner of which any prize with a value in excess of twenty-five dollars is awarded for any bingo game. Any such game conducted in violation of this subsection section is hereby declared to be a public nuisance. Any person violating the provisions of this subsection section shall be guilty of a Class III misdemeanor for the first offense and a Class I misdemeanor for the second or subsequent offense.

(2) No person shall play at any game of bingo conducted in violation of subsection (1) of this section. Any person violating the provisions of this subsection shall be guilty of a Class III misdemeanor for the first offense and a Class I misdemeanor for the second or subsequent offense.

Sec. 32. (1) A qualifying nonprofit organization may apply to the department for a permit to conduct a special event bingo in conjunction with a special event at which bingo is not the primary function. Such special event bingo shall be exempt from (a) the licensing requirements found in the Nebraska Bingo Act for Class I and Class II licenses, (b) the recordkeeping and reporting requirements found in the act for licensed organizations, and (c) any tax on the gross receipts derived from the conduct of bingo as provided in the act for licensed organizations.

(2) A qualifying nonprofit organization may apply for and obtain two special event bingo permits per calendar year, not to exceed a total of four days in duration. An application for a permit shall be made, on a form prescribed by the department, at least ten days prior to the desired starting date of the special event bingo. The form shall be accompanied by a permit fee of fifteen dollars and shall contain:

(a) The name and address of the nonprofit organization applying for the permit;

(b) Sufficient facts relating to the nature of the organization to enable the department to determine if the organization is eligible for the permit;

(c) The date, time, place, duration, and nature of the special event at which the special event bingo will be conducted;

(d) The name, address, and telephone number of the individual who

will be in charge of the special event bingo; and

(e) Any other information which the department deems necessary.

(3) An organization must have a permit issued by the department before it can conduct a special event bingo. The permit shall be clearly posted and visible to all participants at the special event bingo.

(4) Special event bingo shall be subject to the following restrictions:

(a) Special event bingo shall be conducted only within the county in which the qualifying nonprofit organization has its principal office;

(b) Only reusable hard bingo cards or shutter cards shall be sold, rented, leased, or used at a special event bingo. Disposable paper bingo cards may not be used at a special event bingo. The cards as well as other bingo equipment necessary to conduct bingo may be obtained from any source;

(c) No bingo card used at a special event bingo shall be sold, rented, or leased for more than twenty-five cents per card;

(d) No single prize shall be offered or awarded at a special event bingo which exceeds twenty-five dollars in value;

(e) A special event bingo shall be conducted by individuals who are at least eighteen years of age. The qualifying nonprofit organization may permit individuals under eighteen years of age to play special event bingo when no alcoholic beverages are served, sold, or consumed in the immediate vicinity of where the special event bingo is conducted;

(f) No wage, commission, or salary shall be paid to any person in connection with the conduct of a special event bingo; and

(g) The gross receipts from the conduct of a special event bingo shall be used solely for the awarding of prizes and reasonable and necessary expenses associated with the conduct of the special event bingo such as the permit fee and the purchase or rental of bingo cards or other equipment needed to conduct bingo. The remaining receipts shall be used solely for a lawful purpose.

Sec. 33. That section 9-233, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-233. (1) All licenses to conduct bingo and licenses issued to designated supervising members and designated members responsible for the proper utilization of gross receipts shall expire on September 30 of each year or such other date as the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted to the department on or before August 15 of each year unless such application only pertains to limited period bingo. Each application for a license or license renewal shall be accompanied by:

(a) A sworn statement of each designated supervising member that he or she will be responsible for compliance with appropriate rules and regulations; and

(b) A sworn statement by the member designated as responsible for the proper utilization of gross receipts that no commission, fee, rent, salary, profits, compensation, reward, or recompense will be paid to any person or organization, except payments sanctioned by the department, and that all profits will be spent for a lawful purpose.

(2) The department shall establish the following classes of licenses (1) The department may issue an applicant organization one of the following classes of bingo licenses:

(a) A Class I license which shall include organizations with gross receipts from the conduct of bingo which are less than one hundred fifty thousand dollars per license year; and or

(b) A Class II license which shall include organizations with gross receipts from the conduct of bingo equal to or greater than one hundred fifty thousand dollars per license year.

(2) For purposes of this subsection section, when bingo occasions are conducted on a joint basis by two or more licensed organizations, the class of license required shall be determined based upon the combined gross receipts of all licensed organizations involved in the conduct of the bingo occasion.

(3) A fee of fifteen dollars shall be charged for a Class I license, and a fee of fifty dollars shall be charged for a Class II license, a fee of five dollars for a license for each designated supervising member, and a fee of five dollars for a license for each designated member responsible for the proper utilization of gross receipts.

(4) The department shall adopt and promulgate rules and regulations to establish reporting requirements for each class of license issued.

Sec. 34. (1) Each organization applying for a license to conduct bingo shall file with the department an application on a form prescribed by the department. Each application shall include:

(a) The name and address of the applicant organization;

(b) Sufficient facts relating to the incorporation or organization of the applicant organization to enable the department to determine if the organization is eligible for a license pursuant to section 9-231;

(c) The name and address of each officer of the applicant organization; and

(d) The name, address, social security number, years of membership, and date of birth of one bona fide and active member of the organization who will serve as the organization's bingo chairperson.

(2) In addition, each applicant organization shall include with the application:

(a) The name, address, social security number, date of birth, and years of membership of an active and bona fide member of the applicant organization to be licensed as the utilization-of-funds member. Such person shall have been an active and bona fide member of the applicant organization for at least one year preceding the date the application is filed with the department unless the applicant organization can provide evidence that the one-year requirement would impose an undue hardship on the organization. All utilization-of-funds members shall sign a sworn statement indicating that they agree to comply with all provisions of the Nebraska Bingo Act and all rules and regulations adopted pursuant to the act, that they will insure that no commission, fee, rent, salary, profits, compensation, or recompense will be paid to any person or organization, except payments authorized by the act, and that all profits will be spent only for lawful purposes. A fee of twenty dollars shall be charged for a license for each utilization-of-funds member, and the department may prescribe a separate application form for such license;

(b) For a Class II license only, the name, address, social security number, and date of birth of the individual to be licensed as the gaming manager. Such person shall be required to sign a sworn statement indicating that he or she agrees to comply with all provisions of Chapter 9 and all rules and regulations adopted pursuant to such chapter. A fee of fifty dollars shall be charged for a license for each gaming manager, and the department may prescribe a separate application form for such license;

(c) The name and address of the owner or lessor of the premises in which bingo will be conducted; and

(d) Any other information which the department deems necessary, including, but not limited to, copies of any and all lease or rental agreements and contracts entered into by the organization relative to its bingo activities.

(3) The information required by this section shall be kept current. The bingo chairperson shall notify the department within thirty days of any changes to the information contained on or with the application.

(4) Except for a limited period bingo, a licensed organization shall not conduct any bingo game or occasion at any time, on any day, at any location, or in any manner different from that described in its most recent filing with the department unless prior approval has been obtained from the department. A request for approval to change the day, time, or location of a bingo occasion shall be made by the bingo chairperson, in writing, at least thirty days in advance of the date the proposed change is to become effective.

(5) No bingo chairperson, utilization-of-funds member, or gaming manager for an organization shall be connected with, interested in, or otherwise concerned directly or indirectly with any party licensed as a manufacturer, distributor, or commercial lessor pursuant to the Nebraska Bingo Act.

(6) No person shall act as a gaming manager until he or she has received a license from the department. A gaming manager may apply for a license to act as a gaming manager for more than one licensed organization by completing a separate application and paying the fifty-dollar license fee for each organization for which he or she intends to act as a gaming manager. No gaming manager shall be a bingo chairperson, and no gaming manager shall hold any other type of license issued under Chapter 9.

(7) No person shall act as a utilization-of-funds member until he or she has received a license from the department. A utilization-of-funds member shall not hold any other type of license issued under Chapter 9, except that a utilization-of-funds member may also be designated as the bingo chairperson for the same organization.

Sec. 35. All licenses shall expire on September 30 of each year or such other date as the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted at least forty-five days prior to the expiration date of the license. The department may prescribe a separate application form for renewal purposes for any license application required by the Nebraska Bingo Act. The renewal

application may require such information as the department deems necessary for the proper administration of the act.

Sec. 36. A licensed organization may request authorization from the department to conduct a limited period bingo. A licensed organization may conduct no more than four limited period bingos with an aggregate total of no more than seven days in any license year.

The request shall be in writing and shall contain the date and time when and the location where the limited period bingo is to be conducted. The request shall be submitted to the department at least ten days prior to the desired starting date of the limited period bingo.

Except as otherwise provided in the Nebraska Bingo Act, a limited period bingo shall be conducted in the same manner as prescribed for regular bingo occasions.

Sec. 37. That section 9-237, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-237. A copy of all information filed with the department pursuant to sections 9-232 and 9-233 section 34 of this act shall also be filed with the county clerk of the county in which the bingo is to be conducted, and if the bingo is conducted within the limits of an incorporated city or village, a copy shall also be filed with the city or village clerk. Such information shall be filed within five days after its filing with the department.

Sec. 38. A licensed organization shall conduct bingo only within the county in which the licensed organization has its principal office.

Sec. 39. (1) A licensed organization shall not hold more than ten bingo occasions per calendar month nor shall a licensed organization use any premises more than two times per calendar week for the conduct of bingo.

(2) No bingo occasion, except for a limited period bingo or a special event bingo, shall last for longer than six consecutive hours, and no bingo occasion, except for a limited period bingo or special event bingo, shall begin within three hours of the completion of another bingo occasion conducted within the same premises.

(3) Bingo occasions held as part of a limited period bingo shall not be counted in determining whether a licensed organization has complied with subsection (1) of this section.

(4) Nothing in this section or section 40 of this act shall prohibit the department from approving a request by a licensed organization to reschedule a bingo occasion that was canceled due to an act of God. Such request shall be made in writing by the organization's bingo chairperson at least thirty days prior to the desired reschedule date.

Sec. 40. (1) Irrespective of the number of organizations authorized to hold bingo occasions within a premises:

(a) No more than two bingo occasions per calendar week shall be held within a premises; and

(b) No more than four limited period bingos with an aggregate of no more than seven days per license year and no more than two special event bingos with an aggregate of no more than four days per calendar year shall be held within a premises.

(2) Bingo occasions held as part of a limited period bingo or special event bingo shall not be counted in determining whether the use of a premises is in compliance with subdivision (1)(a) of this section.

Sec. 41. A premises may be rented or leased by a licensed organization for the purpose of conducting bingo. Such rental or lease agreement shall be in writing and may include the rental or lease of personal property, excluding bingo equipment, which is necessary in order to conduct a bingo occasion. Such rental or lease agreement shall be in accordance with the rules and regulations adopted by the department and the following:

(1) Except as provided in section 54 of this act, the premises must be rented or leased from a licensed commercial lessor;

(2) All bingo occasions shall be conducted only by the organization which holds the rental or lease agreement;

(3) No rental or lease payments shall be based on a percentage of the gross receipts or profits from bingo or on the number of persons attending or playing at any bingo occasion;

(4) No rental or lease agreement for real or personal property shall be in excess of fair market value;

(5) No rental or lease agreement for a premises shall contain any right to use bingo supplies or bingo equipment. A rental or lease agreement for bingo equipment shall be separate and distinct from that for a premises; and

(6) All rental and lease agreements shall be subject to prior approval by the department.

Sec. 42. (1) A licensed organization shall purchase or otherwise

obtain bingo equipment only from a licensed distributor, except that a licensed organization may rent or lease bingo equipment, excluding disposable paper bingo cards, only from:

(a) A licensed distributor; or

(b) The licensed commercial lessor from whom the organization is leasing a premises for the conduct of bingo.

(2) All rental or lease agreements for bingo equipment shall be in writing and shall be subject to prior approval by the department.

(3) No purchase, rental, or lease of bingo equipment shall be in excess of fair market value.

(4) Nothing in this section shall prohibit:

(a) Two licensed organizations which may be conducting bingo within the same premises from equally sharing the cost of purchasing bingo equipment, excluding disposable paper bingo cards, and sharing its use.

(b) A licensed organization from lending its bingo equipment, excluding disposable paper bingo cards, without charge to another licensed organization in an emergency situation or to a qualifying nonprofit organization to use at a special event bingo.

(c) A licensed organization which has purchased or intends to purchase new bingo equipment from selling or donating its old bingo equipment to another licensed organization if prior written approval has been obtained from the department; or

(d) An organization which has voluntarily canceled or allowed its license to conduct bingo to lapse or an organization which has had its license to conduct bingo suspended, canceled, or revoked from selling or donating its bingo equipment to another licensed organization if prior written approval has been obtained from the department.

Sec. 43. No alcoholic beverages shall be sold or served to the public during a bingo occasion unless it is a limited period bingo or special event bingo at which no one under eighteen years of age is permitted to play bingo. Nonalcoholic beverages, as well as food, may be served and sold during any bingo occasion conducted by a licensed organization if all of the profits from the sales are paid to such licensed organization. The proceeds from the sale of such food and beverage items shall not be commingled with the organization's bingo receipts or placed in the bingo checking account. No expense associated with the purchase, preparation, serving, or selling of such food and beverage items shall be paid using bingo receipts.

Sec. 44. Only a licensed organization or a qualifying nonprofit organization may advertise a bingo occasion, a limited period bingo, or a special event bingo. No advertising for any bingo occasion or occasions conducted by any organization shall include any reference to an aggregate value of bingo prizes exceeding four thousand dollars.

Sec. 45. (1) No person under eighteen years of age shall play or participate in any bingo game, except that any person may play bingo at a limited period bingo or special event bingo if (a) no alcoholic beverages are served and (b) no prize or prizes to be awarded exceed twenty-five dollars in value per game.

(2) All persons involved in the conduct of bingo must be at least eighteen years of age.

(3) No person who is conducting or assisting in the conduct of a bingo occasion shall be permitted to participate as a player at that bingo occasion.

(4) No licensed commercial lessor, distributor, or manufacturer, person having a substantial interest in a licensed commercial lessor, distributor, or manufacturer, or employee or agent of a licensed commercial lessor, distributor, or manufacturer shall operate, manage, conduct, advise, or assist in the operating, managing, conducting, promoting, or administering of any bingo game or occasion. For purposes of this subsection, the term assist shall include, but not be limited to, the payment of any expense of a licensed organization, whether such payment is by loan or otherwise.

Sec. 46. (1) A bingo chairperson or another member of the licensed organization who has been designated by the bingo chairperson in an emergency situation shall be present during the duration of each bingo occasion conducted pursuant to a Class I license.

(2) A licensed gaming manager shall be present during the duration of each bingo occasion conducted pursuant to a Class II license, except that in the case of an emergency, the licensed organization's bingo chairperson may substitute for the gaming manager.

Sec. 47. (1) An organization licensed to conduct bingo under a Class II license shall use only disposable paper bingo cards meeting the requirements of section 49 of this act to conduct bingo.

(2) All licensed organizations shall accurately account for and

report the sale, use, rental, or lease of all bingo cards used at each bingo occasion. The department shall prescribe by rule and regulation the method by which such sale, use, rental, or lease is to be recorded, including, but not limited to, the manner in which all bingo cards are to be issued and receipted at a bingo occasion.

(3) The department shall establish by rule and regulation the manner in which bingo shall be conducted, including rules for the methods of conducting and playing bingo and for the utilization of bingo supplies and bingo equipment to insure that each player is afforded a fair and equal opportunity to win.

Sec. 48. That section 9-255, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-255. Only the following means of random selection of the numbers, letters, or other numbered designators from which winners are determined shall be used in the conduct of any bingo game:

(1) An electrically operated blower machine containing balls which the operator may take from the air one at a time while the blower is in operation, or which provides a trap or other mechanical means for automatically catching not more than one ball at a time while the blower is in operation; or

(2) A mechanically or manually operated cage which provides a trap or other mechanical means for automatically catching not more than one ball at a time while the cage is in operation. or

(3) A computer or other electronic selection process which allows random selection on the condition that in every game, each designator shall be subject to selection.

For any means of selection permitted by subdivisions (1) and (2) of this section, the balls to be drawn shall be essentially the same in size, shape, weight, balance, and all other characteristics so that at all times during the conduct of bingo each ball possesses the capacity for equal agitation with any other ball within the receptacle. All balls within the total set shall be subject to random selection at the beginning of each bingo game.

Sec. 49. All bingo cards and any other bingo equipment or supplies furnished, sold, rented, or leased for use at any bingo occasion subject to regulation under the Nebraska Bingo Act shall conform in all respects to the specifications imposed by rule and regulation by the department, including, but not limited to, the proper manufacture, assembly, packaging, and numbering of bingo cards. All bingo cards and any other bingo equipment or supplies which do not conform to such specifications shall be considered contraband goods pursuant to section 9-262.01.

Sec. 50. (1) Irrespective of whether a bingo game or a bingo occasion is conducted jointly by two or more licensed organizations, no prize for a single bingo game shall exceed one thousand dollars in value and the aggregate value of all bingo prizes at any bingo occasion shall not exceed four thousand dollars.

(2) A winner shall be determined for each bingo game, and each winner shall be awarded and delivered the prize on the same day that the bingo occasion is conducted.

(3) At least fifty percent of the gross receipts derived from the conduct of bingo shall be awarded in bingo prizes during each quarterly reporting period. The licensed organization shall clearly post at each bingo occasion the percentage of gross receipts paid out in prizes for the last preceding quarter.

(4) In addition to the prizes permitted by subsection (1) of this section, a licensed organization may award promotional prizes in cash or merchandise to players at a bingo occasion if:

(a) No consideration is charged in order to be eligible to win a promotional prize except that given to participate as a player in the bingo occasion;

(b) The total fair market value of all promotional prizes awarded at a bingo occasion does not exceed one hundred dollars in value or, in the case of a limited period bingo, does not exceed two hundred fifty dollars in value;

(c) The winner of any promotional prize is a bingo player who is present at the bingo occasion;

(d) The winners are determined by an element of chance or some other factor which does not involve any scheme which utilizes any type of pickle card, the game of keno, a scratch-off or rub-off ticket, any promotional game tickets authorized by section 9-701, any non-telecommunication-related, player-activated electronic or electromechanical facsimile of any game of chance, or any slot machine of any kind; and

(e) The total fair market value of all promotional prizes awarded at

a bingo occasion shall be excluded from determination of the fifty-percent prize payout requirement in subsection (3) of this section.

Sec. 51. (1) The gross receipts, less the amount awarded in prizes at each bingo occasion, shall be segregated from all other revenue of a licensed organization and placed in a separate bingo checking account of the licensed organization. All lawful purpose donations and all bingo expenses, including expenses for the management, operation, or conduct of bingo but excluding the payment of prizes, shall be paid by a check from such account. Prizes may be paid out in cash by the licensed organization if prize payments in cash of five hundred dollars or more are received in a manner prescribed by the department in rule and regulation.

(2) Separate books of the bingo operations shall be maintained by the licensed organization. Records, reports, lists, and all other information required by the Nebraska Bingo Act and any rules and regulations adopted pursuant to the act shall be preserved for at least three years.

(3) A licensed organization may commingle funds received from the conduct of bingo with any general operating funds of the licensed organization by means of a check or electronic funds transfer, but the burden of proof shall be on the licensed organization to demonstrate that such commingled funds are not used to make any payments associated with the conduct of bingo and are used for a lawful purpose.

Sec. 52. (1) No expense shall be incurred or amounts paid in connection with the conduct of bingo by a licensed organization except those which are reasonable and necessary.

(2) A licensed organization shall not spend more than twelve percent of its bingo gross receipts to pay the expenses of conducting bingo. The actual cost of (a) license and local permit fees, (b) any taxes authorized by the Nebraska Bingo Act, (c) bingo prizes, (d) the purchase, rental, or lease of bingo equipment, and (e) the rental or lease of a premises for the conduct of bingo as prescribed by the department in rules and regulations shall not be included in determining compliance with the expense limitation contained in this section.

(3) A licensed organization which is also licensed to conduct a lottery by the sale of pickle cards pursuant to the Nebraska Pickle Card Lottery Act may allocate a portion of the expenses associated with the conduct of its bingo occasions to its lottery by the sale of pickle cards conducted at such bingo occasions. Such allocation shall be based upon the percentage that pickle card gross proceeds derived from the sale of pickle cards at the bingo occasions represents to the total of bingo gross receipts and pickle card gross proceeds derived from such bingo occasions for the previous annual period July 1 through June 30. An organization licensed to conduct bingo that has not been previously licensed shall determine such allocation based upon the percentage that pickle card gross proceeds derived from the sale of pickle cards at the bingo occasions represents to the total of bingo gross receipts and pickle card gross proceeds derived from such bingo occasions for the initial three consecutive calendar months of operation.

(4) The total amount of expenses that may be allocated to the organization's lottery by the sale of pickle cards shall be subject to the limitations on bingo expenses as provided for in the Nebraska Bingo Act with respect to the twelve-percent expense limitation and the fair-market-value limitation on the purchase, rental, or lease of bingo equipment and the rental or lease of a premises for the conduct of bingo. No portion of the six percent of the definite profit of a pickle card unit as allowed by section 9-347 to pay the allowable expenses of operating a lottery by the sale of pickle cards shall be used to pay any expenses associated with the sale of pickle cards at a bingo occasion.

(5) All persons paid for working at a bingo occasion, including pickle card sellers but excluding concession workers, shall be paid only by a check written from the licensed organization's bingo checking account and shall not receive any other compensation or payment for working at a bingo occasion from any other source. Such wages shall be at an hourly or occasion rate and shall be included in the amount allowed by the expense limitation provided in subsection (2) of this section. No person shall receive any compensation or payment from a licensed organization based upon a percentage of the organization's bingo gross receipts or profit.

(6) No expenses associated with the conduct of bingo may be paid directly from the licensed organization's pickle card checking account. A licensed organization may transfer funds from its pickle card checking account to its bingo checking account as permitted by subsection (3) of this section by a check drawn on the pickle card checking account or by electronic funds transfer as provided only by section 9-347.

Sec. 53. (1) A licensed organization shall report annually to the

department, on a form supplied by the department, a complete and accurate accounting of its gross receipts. The annual report shall demonstrate that the gross receipts less cash prizes paid have been retained in the organization's bingo checking account or expended solely for authorized expenses pursuant to section 52 of this act or lawful purpose donations. The annual report shall cover the organization's bingo activities from July 1 through June 30 of each year and shall be submitted to the department by August 15 of each year.

(2) A copy of the report shall be submitted to the membership of the licensed organization.

(3) In addition to the annual report required by subsection (1) of this section, the department may prescribe by rule or regulation additional periodic reporting as deemed necessary.

Sec. 54. (1) An individual, partnership, limited liability company, corporation, or organization which will be leasing a premises to one or more organizations for the conduct of bingo and which will receive more than two hundred fifty dollars per month as aggregate total rent from leasing such premises for the conduct of bingo shall first obtain a commercial lessor's license from the department. The license shall be applied for on a form prescribed by the department and shall contain:

(a) The name and home address of the applicant;

(b) If the applicant is not a resident of this state or is not a corporation, the full name, business address, and home address of a natural person, at least nineteen years of age, who is a resident of and living in this state designated by the applicant as a resident agent for the purpose of receipt and acceptance of service of process and other communications on behalf of the applicant;

(c) A designated mailing address and legal description of the premises intended to be covered by the license sought;

(d) The lawful capacity of the premises for public assembly purposes;

(e) The names and mailing addresses of the officers of the organization which is to conduct bingo at the premises and the place and time the organization intends to conduct bingo;

(f) The amount of rent to be paid or other consideration to be given directly or indirectly for each bingo occasion to be conducted; and

(g) Any other information which the department deems necessary.

(2) An application for a commercial lessor's license shall be accompanied by a fee of one hundred dollars for each premises the applicant is seeking to lease pursuant to subsection (1) of this section. A commercial lessor who desires to lease more than one premises for the conduct of bingo shall file a separate application and pay a separate fee for each such premises.

(3) The information required by this section shall be kept current. The commercial lessor shall notify the department within thirty days of any changes to the information contained on or with the application.

(4) A commercial lessor who will be leasing or renting bingo equipment in conjunction with his or her premises shall obtain such equipment only from a licensed distributor, except that a commercial lessor shall not purchase or otherwise obtain disposable paper bingo cards from any source.

(5) A commercial lessor, the owner of a premises, and all parties who lease or sublease a premises which ultimately is leased to an organization for the conduct of bingo shall not be involved directly with the conduct of any bingo occasion regulated by the Nebraska Bingo Act which may include, but not be limited to, the managing, operating, promoting, advertising, or administering of bingo. Such persons shall not derive any financial gain from any gaming activities regulated by Chapter 9 except as provided in subsection (4) of section 9-347 if the individual is licensed as a pickle card operator, if the individual is licensed as a lottery operator or authorized sales outlet location pursuant to the Nebraska County and City Lottery Act, or if the individual is contracted with as a lottery game retailer pursuant to the State Lottery Act.

(6) A nonprofit organization owning its own premises which in turn rents or leases its premises solely to its own auxiliary shall be exempt from the licensing requirements contained in this section.

Sec. 55. (1) Any individual, partnership, limited liability company, or corporation which desires to sell, lease, distribute, or otherwise provide bingo equipment in this state to a licensed commercial lessor or a licensed organization for use in a bingo occasion which is regulated by the Nebraska Bingo Act shall first apply for and obtain a distributor's license from the department. An applicant for a distributor's license shall have its principal office located within this state. The license shall be applied for

on a form prescribed by the department and shall contain:

- (a) The name and home address of the applicant;
 - (b) The address and legal description of each location where the applicant stores or distributes bingo equipment;
 - (c) A sworn statement by the applicant or appropriate officer of the applicant that the applicant will comply with all provisions of the act and all rules and regulations adopted pursuant to the act; and
 - (d) Any other information which the department deems necessary.
- (2) The information required by this section shall be kept current. The distributor shall notify the department within thirty days of any changes to the information contained on or with the application.
- (3) The application shall be accompanied by a license fee of one thousand five hundred twenty-five dollars.

(4) Any person licensed as a distributor pursuant to section 9-330 may act as a distributor pursuant to this section without filing a separate application or submitting the license fee required by this section.

(5) A licensed distributor or person having a substantial interest therein shall not hold any other type of license issued pursuant to Chapter 9 except as provided in sections 9-330 and 9-632.

(6) No distributor or spouse or employee of any distributor shall participate in the conduct or operation of any bingo game or occasion or any other kind of gaming activity which is authorized or regulated under Chapter 9 except to the exclusive extent of his or her statutory duties as a licensed distributor as provided by this section and except as provided in sections 9-330 and 9-632. No distributor or employee or spouse of any distributor shall have a substantial interest in another distributor, a manufacturer, a manufacturer-distributor as defined in section 9-616 other than itself, a licensed organization, or any other licensee regulated under Chapter 9. Membership in a licensed organization shall not be deemed a violation of this section.

Sec. 56. (1) A licensed distributor shall purchase or otherwise obtain bingo equipment only from a licensed manufacturer.

(2) A licensed distributor shall sell or otherwise supply bingo equipment for use in a bingo game regulated by the Nebraska Bingo Act only to a licensed organization, a qualifying nonprofit organization, a licensed commercial lessor, or a federally recognized Indian tribe, except that a licensed distributor shall not sell disposable bingo paper in this state to anyone other than a licensed organization or a federally recognized Indian tribe.

(3) A licensed distributor shall keep and maintain a complete set of records which shall include all details of all activities of the distributor related to the conduct of the licensed activity as may be required by the department, including the quantities and types of all bingo equipment purchased and sold. Such records shall be available upon request for inspection by the department. All records required by the department shall be maintained for at least three years after the last day of the distributor's fiscal year.

(4) The department may require by rule and regulation periodic reporting from the licensed distributor relative to its bingo activities in this state.

Sec. 57. (1) Any individual, partnership, limited liability company, or corporation which desires to sell or otherwise supply bingo equipment in this state to a licensed distributor shall first apply for and obtain a manufacturer's license from the department. The license shall be applied for on a form prescribed by the department and shall contain:

- (a) The business name and address of the applicant and the name and address of each of the applicant's separate locations which manufacture or store bingo equipment and any location from which the applicant distributes or promotes bingo equipment;

- (b) The name and home address of the applicant;

- (c) If the applicant is not a resident of this state or is not a corporation, the full name, business address, and home address of a natural person, at least nineteen years of age, who is a resident of and living in this state designated by the applicant as a resident agent for the purpose of receipt and acceptance of service of process and other communications on behalf of the applicant;

- (d) A sworn statement by the applicant or appropriate officer of the applicant that the applicant will comply with all provisions of the Nebraska Bingo Act and all rules and regulations adopted pursuant to the act; and

- (e) Any other information which the department deems necessary.

(2) The application shall be accompanied by a license fee of one thousand five hundred twenty-five dollars.

(3) The information required by this section shall be kept current. The manufacturer shall notify the department within thirty days of any changes to the information contained on or with the application.

(4) Any person licensed as a manufacturer pursuant to section 9-332 may act as a manufacturer pursuant to this section without filing a separate application or submitting the license fee required by this section.

(5) A licensed manufacturer shall not hold any other type of license issued pursuant to Chapter 9 except as provided in sections 9-332 and 9-632.

(6) No manufacturer or spouse or employee of the manufacturer shall participate in the conduct or operation of any bingo game or occasion or any other kind of gaming activity which is authorized or regulated under Chapter 9 except to the exclusive extent of his or her statutory duties as a licensed manufacturer or employee thereof as provided by this section and except as provided in sections 9-332 and 9-632 and the State Lottery Act. No manufacturer or employee or spouse of any manufacturer shall have a substantial interest in another manufacturer, a distributor, a manufacturer-distributor as defined in section 9-616 other than itself, a licensed organization, or any other licensee regulated under Chapter 9.

Sec. 58. (1) A licensed manufacturer shall sell or otherwise supply bingo equipment in this state only to a licensed distributor or a federally recognized Indian tribe, except that nothing in this section shall prohibit a licensed manufacturer from selling or otherwise supplying bingo equipment, excluding disposable paper bingo cards, to a qualifying nonprofit organization as provided for in section 32 of this act.

(2) A licensed manufacturer shall keep and maintain a complete set of records which shall include all details of all activities of the licensee relating to the conduct of the licensed activity as may be required by the department, including the quantities and types of all bingo equipment sold to each Nebraska-licensed distributor. Such records shall be made available for inspection upon request by the department. All records required by the department shall be maintained for a period of at least three years after the last day of the licensee's fiscal year.

(3) The department may require, by rule and regulation, periodic reporting from the manufacturer relative to its bingo activities in this state.

(4) The department may require departmental approval of bingo equipment prior to the manufacturer offering or marketing such equipment in this state. Approval by the department shall be based upon conformance with specifications imposed by the department by rule and regulation adopted pursuant to the Nebraska Bingo Act.

(5) The department may require a manufacturer seeking approval of any bingo equipment to pay the actual costs incurred by the department in examining the equipment. If required, the anticipated costs shall be paid in advance by the manufacturer. After completion of the examination, the department shall refund overpayments or charge and collect amounts sufficient to reimburse the department for underpayment of actual costs.

Sec. 59. That section 9-262.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-262.01. (1) The Tax Commissioner or his or her agents or employees, at the direction of the Tax Commissioner, or any peace officer of this state may seize, without a warrant, the following contraband goods found any place in this state:

(a) Any bingo supplies and equipment which do not conform in all respects to specifications imposed by the Nebraska Bingo Act or any rules or regulations adopted and promulgated pursuant to the act;

(b) Any any bingo supplies and equipment purchased by any licensed organization from any source other than a licensed distributor or as provided in subsection (c) of section 9-234 section 42 of this act; and

(c) any bingo supplies and Any bingo equipment furnished, sold, or rented for use in a bingo occasion subject to regulation under the act without the proper licenses or approval.

(2) The Tax Commissioner may, upon satisfactory proof, direct return of any confiscated bingo supplies and equipment when he or she has reason to believe that the owner has not willfully or intentionally failed to comply with the act.

(3) The Tax Commissioner may, upon finding that an owner of contraband goods has willfully or intentionally failed to comply with the act, confiscate such goods. Any bingo supplies and equipment confiscated may be destroyed.

(4) The seizure and destruction of bingo supplies and equipment shall not relieve any person from a fine, imprisonment, or other penalty for violation of the act.

(5) The Tax Commissioner or his or her agents or employees, when directed to do so by the Tax Commissioner, or any peace officer of this state shall not be responsible for negligence in any court for the seizure or confiscation of any bingo supplies and equipment pursuant to this section.

Sec. 60. That section 9-264, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-264. In any civil action commenced pursuant to section 9-263, a court may allow:

(1) A temporary restraining order or injunction, with or without a bond as the court may direct, prohibiting a party to the action from continuing or engaging in such conduct, aiding in such conduct, or doing any act in furtherance of such conduct;

(2) A declaration that the conduct by a licensed organization or a qualifying nonprofit organization or employee or agent of a licensed the organization, which is a party to the action, constitutes a violation of the Nebraska Bingo Act and a determination of the number and times of violations for certification to the department for appropriate license or permit revocation purposes;

(3) A permanent injunction under principles of equity and on reasonable terms;

(4) An accounting of the profits, earnings, or gains resulting directly and indirectly from such violations, with restitution or a distribution of such profits, earnings, or gains to all licensed organizations ~~existing at the time of~~ or qualifying nonprofit organizations affected by such violations which apply to the court and show that they suffered monetary losses by reason of such violations and with distribution of any remaining profits, earnings, or gains to the state; and

(5) Reasonable attorney's fees and court costs.

Sec. 61. That section 9-266, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-266. (1) Except in accordance with a proper judicial order or as otherwise provided by this section or other law, it shall be a Class I misdemeanor for the Tax Commissioner or any employee or agent of the Tax Commissioner to make known, in any manner whatsoever, the contents of any reports or records submitted by a licensed distributor or manufacturer or the contents of any personal history reports submitted by any licensee or license applicant to the department pursuant to the Nebraska Bingo Act and any rules and regulations adopted and promulgated pursuant to such act.

(2) Nothing in this section shall be construed to prohibit (a) the delivery to a licensee, his or her duly authorized representative, or his or her successors, receivers, trustees, personal representatives, administrators, assignees, or guarantors, if directly interested, a certified copy of any report or record, (b) the publication of statistics so classified as to prevent the identification of particular reports or records, (c) the inspection by the Attorney General, a county attorney, or other legal representative of the state of reports or records submitted by a licensed distributor or manufacturer when information on the reports or records is considered by the Attorney General, county attorney, or other legal representative to be relevant to any action or proceeding instituted by the licensee or against whom an action or proceeding is being considered or has been commenced by any state agency or county, (d) the furnishing of any information to the United States Government or to states allowing similar privileges to the Tax Commissioner, (e) the disclosure of information and records to a collection agency contracting with the Tax Commissioner for the collection of delinquent taxes under the Nebraska Bingo Act, (f) the publication or disclosure of final administrative opinions and orders made by the Tax Commissioner in the adjudication of license or permit denials, suspensions, cancellations, or revocations, (g) the release of any application, without the contents of any submitted personal history report, filed with the department to ~~obtain~~ license or permit to conduct activities under the act, which shall be deemed a public record, or (h) the release of any report filed pursuant to section 9-259 ~~53 of this act~~ or any other report filed by a ~~license holder licensee~~ pursuant to the act, which shall be deemed a public record.

(3) Nothing in this section shall prohibit the Tax Commissioner or any employee or agent of the Tax Commissioner from making known the names of persons, firms, or corporations licensed or issued a permit to conduct activities under the act, the locations at which such activities are conducted by license holders licensees or permittees, or the dates on which such licenses or permits were issued.

(4) Notwithstanding subsection (1) of this section, the Tax Commissioner may permit the Postal Inspector of the United States Postal

Service or his or her delegates to inspect reports or records submitted by a licensed distributor or manufacturer pursuant to the act when information on the reports or records is relevant to any action or proceeding instituted or being considered by the United States Postal Service against such person for the fraudulent use of the mails to carry and deliver false and fraudulent tax returns to the Tax Commissioner with the intent to defraud the State of Nebraska or to evade the payment of Nebraska state taxes.

(5) Notwithstanding subsection (1) of this section, the Tax Commissioner may permit other tax officials of this state to inspect reports or records submitted pursuant to the act, but such inspection shall be permitted only for purposes of enforcing a tax law and only to the extent and under the conditions prescribed by the rules and regulations of the Tax Commissioner.

Sec. 62. That section 9-301, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-301. Sections 9-301 to 9-356 and section 69 of this act shall be known and may be cited as the Nebraska Pickle Card Lottery Act.

Sec. 63. That section 9-303, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-303. For purposes of the Nebraska Pickle Card Lottery Act, unless the context otherwise requires, the definitions found in sections 9-304 to 9-321.01 and section 69 of this act shall be used.

Sec. 64. That section 9-304, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-304. Allowable expenses shall mean:

(1) All costs associated with the purchasing, printing, or manufacturing of any items to be used or distributed to participants;

(2) ~~all~~ All office expenses;

(3) ~~all~~ All promotional expenses;

(4) ~~all~~ All salaries of persons employed to operate the lottery by the sale of pickle cards;

(5) ~~any~~ Any rental or lease expense;

(6) ~~any~~ Any fee paid to any person associated with the operation of any lottery by the sale of pickle cards including any commission paid to a sales agent and any expense for which a sales agent is reimbursed;

(7) ~~any~~ Any delivery or shipping charge incurred by a licensed organization in connection with the lottery by the sale of pickle cards; ~~and~~

(8) ~~any~~ Any license fees paid to the department to license the organization, each designated member responsible for the proper utilization of gross proceeds utilization-of-funds member, and any sales agent; ~~and~~

(9) Any pickle card dispensing device repairs or maintenance paid by the licensed organization.

Allowable expenses shall not include the unit cost or any commission paid to a pickle card operator for selling individual pickle cards on behalf of the licensed organization.

Sec. 65. That section 9-307, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-307. Distributor shall mean any person licensed pursuant to section 9-330, who purchases or otherwise obtains pickle card units from manufacturers and sells, or distributes, or otherwise provides pickle card units in this state to licensed organizations.

Sec. 66. That section 9-309, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-309. (1) Lawful purpose, for a licensed organization making a donation of its net profits derived from its lottery by the sale of pickle cards solely for its own organization, shall mean donating such net profits for any activity which benefits and is conducted by the organization, including any charitable, benevolent, humane, religious, philanthropic, youth sports, educational, civic, or fraternal activity conducted by the organization for the benefit of its members.

(2) Lawful purpose, for a licensed organization making a donation of its net profits derived from its lottery by the sale of pickle cards outside of its organization, shall mean donating such net profits only to:

(a) The State of Nebraska or any political subdivision thereof, but only if the contribution or gift is made exclusively for public purposes;

(b) A corporation, trust, community chest, fund, or foundation:

(i) Created or organized under the laws of Nebraska which has been in existence for five consecutive years immediately preceding the date of the donation and which has its principal office located in Nebraska;

(ii) Organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, for the prevention of cruelty to children or animals, or to foster national or international amateur sports

competition;

(iii) No part of the net earnings of which inures to the benefit of any private shareholder or individual;

(iv) Which is not disqualified for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, by reason of attempting to influence legislation; and

(v) Which does not participate in any political campaign on behalf of any candidate for political office; or

(c) A post or organization of war veterans or an auxiliary unit or society of, trust for, or foundation for any such post or organization:

(i) Organized in the United States or in any territory or possession thereof; and

(ii) No part of the net earnings of which inures to the benefit of any private shareholder or individual.

(3) No donation of net profits under this section shall (a) inure to the benefit of any individual member of the licensed organization making the donation except to the extent it is in furtherance of the purposes described in this section or (b) be used for any activity which attempts to influence legislation or for any political campaign on behalf of any elected official or person who is or has been a candidate for public office.

(4) Upon dissolution of a licensed organization or upon suspension, cancellation, revocation, or expiration of a licensed organization's license in the event a previously licensed organization does not renew its license to conduct a lottery by the sale of pickle cards, its license renewal application is denied, or its license is canceled, suspended, or revoked, all remaining net profits derived from the conduct of a lottery by the sale of pickle cards under the Nebraska Pickle Card Lottery Act shall be utilized for a lawful purpose and shall not be distributed to any private individual or shareholder. The disbursement of such remaining net profits shall be reported to the department in the manner prescribed in section 9-349 subject to approval by the department.

Sec. 67. That section 9-310, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-310. License shall mean any license to conduct a lottery by the sale of pickle cards as provided in section 9-326, any license for a designated member responsible for supervising the conduct of the lottery by the sale of pickle cards and for the proper utilization of gross proceeds ~~utilization-of-funds member~~ as provided in section 9-327, any sales agent's license as provided in section 9-329, any pickle card operator's license as provided in section 9-329.02, any distributor's license as provided in section 9-330, or any manufacturer's license as provided in section 9-332.

Sec. 68. That section 9-315, Revised Statutes Supplement, 1993, be amended to read as follows:

9-315. Pickle card shall mean any disposable card, board, or ticket which accords a person an opportunity to win something of value a cash prize by opening, pulling, detaching, or otherwise removing one or more tabs from the card, board, or ticket to reveal a set of numbers, letters, symbols, or configurations, or any combination thereof, and shall include, but not be limited to, any card known as a pickle ticket, pickle, break-open, pull-tab, pull-tab board, punchboard, pull card, or any other similar card, board, or ticket which is included under this section, whether referred to by any other name.

Pickle card shall not mean or include any:

(1) Card used in connection with bingo conducted pursuant to the Nebraska Bingo Act;

(2) racing Racing ticket or wager in connection with any horserace conducted pursuant to Chapter 2, article 12;

(3) scrape-off Scrape-off or rub-off ticket;

(4) any card Card, ticket, or other device used in connection with any kind of gambling, lottery, raffle, or gift enterprise authorized or regulated under the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Small Lottery and Raffle Act, the State Lottery Act, or section 9-701; or

(5) any card Card, ticket, or other device prohibited under Chapter 28, article 11.

Sec. 69. Utilization-of-funds member shall mean a member of the organization who shall be responsible for supervising the conduct of the lottery by the sale of pickle cards and for the proper utilization of the gross proceeds derived from the conduct of the lottery by the sale of pickle cards.

Sec. 70. That section 9-322, Revised Statutes Supplement, 1993, be amended to read as follows:

9-322. The department shall have the following powers, functions, and duties:

(1) To issue licenses and temporary licenses;
 (2) To deny any license application or renewal application for cause. Cause for denial of an application for or renewal of a license shall include instances in which the applicant individually or, in the case of a business entity or a nonprofit organization, any officer, director, employee, or limited liability company member of the applicant or licensee, other than an employee whose duties are purely ministerial in nature, any other person or entity directly or indirectly associated with such applicant or licensee which directly or indirectly receives compensation other than distributions from a bona fide retirement or pension plan established pursuant to Chapter 400 of the Internal Revenue Code of 1986, as amended, from such applicant or licensee for past or present services in a consulting capacity or otherwise, the licensee, or licensee or any person with a substantial interest therein in the applicant or licensee:

(a) Violated the provisions, requirements, conditions, limitations, or duties imposed by the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, or the State Lottery Act or any rules or regulations adopted and promulgated pursuant to such acts;

(b) knowingly knowingly caused, aided, abetted, or conspired with another to cause any person to violate any of the provisions of such acts or any rules or regulations adopted and promulgated pursuant to such acts;

(c) obtained Obtained a license or permit pursuant to such acts by fraud, misrepresentation, or concealment;

(d) was Was convicted of, forfeited bond upon a charge of, or pleaded guilty to forgery, larceny, extortion, conspiracy to defraud or nolo contendere to any offense or crime, whether a felony or misdemeanor, involving any gambling activity or fraud, theft, willful failure to make required payments or reports, or filing false reports with to a governmental agency at any level; or filing false reports with any such agency; or any similar offense or offenses or any crime, whether a felony or misdemeanor, involving any gambling activity or moral turpitude;

(e) denied Was convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any felony other than those described in subdivision (d) of this subdivision within the ten years preceding the filing of the application;

(f) Denied the department or its authorized representatives, including authorized law enforcement agencies, access to any place where pickle card activity required to be licensed under the Nebraska Pickle Card Lottery Act is being conducted or failed to produce for inspection or audit any book, record, document, or item required by law, rule, or regulation;

~~(f) made~~ (g) Made a misrepresentation of or failed to disclose a material fact to the department;

~~(g) failed~~ (h) Failed to prove by clear and convincing evidence his, her, or its qualifications to be licensed in accordance with the Nebraska Pickle Card Lottery Act;

~~(h) failed~~ (i) Failed to pay any taxes and additions to taxes, including penalties and interest, required by the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act or any other taxes imposed pursuant to the Nebraska Revenue Act of 1967; or

~~(i) failed~~ (j) Failed to pay an administrative fine imposed pursuant to the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act;

(k) Failed to demonstrate good character, honesty, and integrity; or
 (l) Failed to demonstrate, either individually or, in the case of a business entity or a nonprofit organization, through its managers, employees, or agents, the ability, experience, or financial responsibility necessary to establish or maintain the activity for which the application is made.

No license renewal shall be issued when the applicant for renewal would not be eligible for a license upon a first application;

(3) To revoke, cancel, or suspend for cause any license. Cause for revocation, cancellation, or suspension of a license shall include instances in which the licensee individually or, in the case of a business entity or a nonprofit organization, any officer, director, employee, or limited liability company member of the licensee, other than an employee whose duties are purely ministerial in nature, any other person or entity directly or indirectly associated with such licensee which directly or indirectly receives compensation other than distributions from a bona fide retirement or pension plan established pursuant to Chapter 400 of the Internal Revenue Code of 1986.

as amended, from such licensee for past or present services in a consulting capacity or otherwise, or any person with a substantial interest therein in the licensee:

(a) Violated the provisions, requirements, conditions, limitations, or duties imposed by the Nebraska Pickle Card Lottery Act or any rules or regulations adopted and promulgated pursuant to the act;

(b) knowingly Knowingly caused, aided, abetted, or conspired with another to cause any person to violate any of the provisions of the act or any rules or regulations adopted and promulgated pursuant to the act;

(c) obtained Obtained a license pursuant to the act by fraud, misrepresentation, or concealment;

(d) was Was convicted of, forfeited bond upon a charge of, or pleaded guilty to forgery, larceny, extortion, conspiracy to defraud or nolo contendere to any offense or crime, whether a felony or misdemeanor, involving any gambling activity or fraud, theft, willful failure to make required payments or reports, or filing false reports with to a governmental agency at any level; filing false reports with any such agency, or any similar offense or offenses or any crime, whether a felony or misdemeanor, involving any gambling activity or moral turpitude;

(e) denied Was convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any felony other than those described in subdivision (d) of this subdivision within the ten years preceding the filing of the application;

(f) Denied the department or its authorized representatives, including authorized law enforcement agencies, access to any place where pickle card activity required to be licensed under the act is being conducted or failed to produce for inspection or audit any book, record, document, or item required by law, rule, or regulation;

(g) made (g) Made a misrepresentation of or failed to disclose a material fact to the department;

(h) failed (h) Failed to pay any taxes and additions to taxes, including penalties and interest, required by the act; or

(i) failed (i) Failed to pay an administrative fine imposed levied pursuant to the act Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act;

(j) Failed to demonstrate good character, honesty, and integrity; or (k) Failed to demonstrate, either individually or, in the case of a business entity or a nonprofit organization, through its managers, employees, or agents, the ability, experience, or financial responsibility necessary to maintain the activity for which the license was issued;

(4) To issue and cause to be served upon any license holder an order requiring the license holder to cease and desist from violations of the act the Nebraska Pickle Card Lottery Act. The order shall give reasonable notice of the rights of the license holder to request a hearing and shall state the reason for the entry of the order. A hearing shall be held not later than seven days after the request for the hearing is received by the Tax Commissioner, and within twenty days of the date of the hearing, the Tax Commissioner shall issue an order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be held in accordance with the rules and regulations adopted and promulgated by the department. If the license holder to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the license holder shall be deemed in default and the proceeding may be determined against the license holder upon consideration of the cease and desist order, the allegations of which may be deemed to be true;

(5) To impose levy an administrative fine of not more than one thousand dollars on a licensee an individual, partnership, limited liability company, corporation, or organization for cause. For purposes of this subdivision, cause shall include instances in which the licensee an individual, partnership, limited liability company, corporation, or organization violated the provisions, requirements, conditions, limitations, or duties imposed by the act or any rule or regulation adopted and promulgated pursuant to the act. In determining whether to impose levy an administrative fine and the amount of the fine if any fine is imposed levied, the department shall take into consideration the seriousness of the violation and the extent to which the licensee violator derived financial gain as a result of the violation. If an administrative fine is imposed levied, the fine shall not be paid from pickle card lottery gross proceeds of a licensed organization and shall be remitted by the licensee to the department within thirty days from the date of the order issued by the department imposing levying such fine;

(6) To enter or to authorize any law enforcement officer to enter at

any time upon any premises where lottery by the sale of pickle cards activity required to be licensed under the act is being conducted to determine whether any of the provisions of such act or any rules or regulations adopted and promulgated under the such act have been or are being violated and at such time to examine such premises;

(7) To require periodic reports of lottery by the sale of pickle cards activity from licensed manufacturers, distributors, nonprofit organizations, sales agents, pickle card operators, and any other persons, organizations, limited liability companies, or corporations as the department deems necessary to carry out the act;

(8) To require annual registration of coin-operated and currency-operated devices used for the dispensing of pickle cards, to issue registration decals for such devices, and to prescribe all forms necessary for the registration of such devices;

(9) To examine or to cause to have examined, by any agent or representative designated by the department for such purpose, any books, papers, records, or memoranda relating to the conduct of lottery by the sale of pickle cards of any licensee, to require by administrative order or summons the production of such documents or the attendance of any person having knowledge in the premises, to take testimony under oath, and to require proof material for its information. If any such person willfully refuses to make documents available for examination by the department or its agent or representative or willfully fails to attend and testify, the department may apply to a judge of the district court of the county in which such person resides for an order directing such person to comply with the department's request. If any documents requested by the department are in the custody of a corporation, the court order may be directed to any principal officer of the corporation. If the documents requested by the department are in the custody of a limited liability company, the court order may be directed to any member when management is reserved to the members or otherwise to any manager. Any person who fails or refuses to obey such a court order shall be guilty of contempt of court;

(10) Unless specifically provided otherwise, to compute, determine, assess, and collect the amounts required to be paid as taxes pursuant to section 9-344 in the same manner as provided for sales and use taxes in the Nebraska Revenue Act of 1967;

(11) To inspect pickle cards and pickle card units as provided in section 9-339;

(12) To confiscate, seize, or seal pickle cards, pickle card units, or coin-operated or currency-operated pickle card dispensing devices pursuant to section 9-350;

(13) To adopt and promulgate such rules and regulations and prescribe all forms as are necessary to carry out the Nebraska Pickle Card Lottery Act; and

(14) To employ staff, including auditors and inspectors, as necessary to carry out the act.

Sec. 71. That section 9-322.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-322.01. (1) All money collected by the department as an administrative fine shall be transmitted on a monthly basis to the State Treasurer who shall deposit such money in the permanent school fund.

(2) Any administrative fine imposed levied under section 9-322 and unpaid shall constitute a debt to the State of Nebraska which may be collected by lien foreclosure, or sued for and recovered in any proper form of action, in the name of the State of Nebraska, in the district court of the county in which the violator resides or owns property.

Sec. 72. That section 9-324, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-324. Before the adoption, amendment, or repeal of any rule or regulation, the suspension, revocation, or cancellation of any license pursuant to section 9-322, or the imposition levying of an administrative fine pursuant to section 9-322, the department shall set the matter for hearing. Such suspension, revocation, or cancellation proceedings or proceedings to impose levy an administrative fine shall be contested cases pursuant to the Administrative Procedure Act.

At least ten days before the hearing, the department shall (1) in the case of suspension, revocation, or cancellation proceedings or proceedings to impose levy an administrative fine, serve notice upon the licensee by personal service or certified mail, return receipt requested, of the time, date, and place of any hearing or (2) in the case of adoption, amendment, or repeal of any rule or regulation, issue a public notice of the time, date, and place of such hearing.

This section shall not apply to an order of suspension by the Tax Commissioner prior to a hearing as provided in section 9-323.

Sec. 73. That section 9-327, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-327. (1) Each applicant for a license to conduct a lottery by the sale of pickle cards shall file with the department an application on a form prescribed by the department.

(2) Each application shall include:

(a) The name and address of the applicant;
 (b) Sufficient facts relating to the incorporation or organization of the applicant to enable the department to determine if the applicant is eligible for a license under section 9-326;

(c) The name and address of each officer of the applicant organization;

(d) The name, address, social security number, date of birth, and years of membership of a bona fide and active member of the applicant organization who shall be responsible for supervising the conduct of the lottery by the sale of pickle cards and for the proper utilization of the gross proceeds derived from the conduct of lottery by the sale of pickle cards to be licensed as a utilization-of-funds member. Such person shall have been an active and bona fide member of the applicant organization for at least one year preceding the date the application is filed with the department unless the applicant organization can provide evidence that the one-year requirement would impose an undue hardship on the organization. Such person shall sign a sworn statement indicating that he or she agrees to comply with all provisions of the Nebraska Pickle Card Lottery Act and all rules and regulations adopted pursuant to the act, that no commission, fee, rent, salary, profits, compensation, or recompense will be paid to any person or organization, except payments authorized by the Nebraska Pickle Card Lottery Act, and that all net profits will be spent only for lawful purposes. The department may prescribe a separate application for such license;

(e) A roster of members if the department deems it necessary and proper; and

(f) Other information which the department deems necessary.

(3) The information required by this section shall be kept current. An organization shall notify the department within thirty days if any information in the application is no longer correct and shall supply the correct information.

(4) The department may prescribe a separate application form for renewal purposes.

Sec. 74. That section 9-328, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-328. (1) All licenses to conduct a lottery by the sale of pickle cards and licenses issued to designated members responsible for the proper utilization of gross proceeds utilization-of-funds members shall expire on September 30 of each year or such other date as the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted to the department on or before August 15 of each year at least forty-five days prior to the expiration date of the license unless such application only pertains to the conduct of a lottery by the sale of pickle cards at a special function as provided in section 9-345.01. Each annual application for a license shall be accompanied by a sworn statement of the designated member responsible for the proper utilization of gross proceeds that all gross proceeds will be used in accordance with section 9-347 and that he or she will be responsible for compliance with the Nebraska Pickle Card Lottery Act and all rules and regulations adopted and promulgated pursuant to such act.

(2) The department shall establish classes of licenses for licensed organizations based upon the manner in which the licensed organization intends to sell the pickle cards. The classes shall include:

(a) Class I licenses which shall include organizations which sell individual pickle cards only at the organization's designated premises and at the organization's licensed regularly scheduled bingo occasions pursuant to the Nebraska Bingo Act; and

(b) Class II licenses which shall include organizations which sell the pickle cards on the premises of one or more licensed pickle card operators.

A licensed organization holding a Class II license shall be required to market its pickle cards through a licensed sales agent.

(3) A license fee of one hundred dollars shall be charged for each Class I license, one hundred fifty dollars for each Class II license, and five twenty dollars for a license for each designated member responsible for the

~~proper utilization of gross proceeds utilization-of-funds member.~~

(4) The department shall adopt and promulgate rules and regulations establishing reporting requirements for each class of license.

Sec. 75. That section 9-329, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-329. (1) No sales agent shall market, sell, or deliver any pickle card unit to any pickle card operator without first obtaining a license.

(2) Any person wishing to operate as a sales agent in this state shall file an application with the department for a license on a form prescribed by the department. Each application for a license shall include (a) the name, ~~and address, and social security number~~ of the person applying for the license, (b) the name and state identification number of the licensed organization for which any pickle card units are to be marketed or sold by the applicant, and (c) such other information which the department deems necessary.

A statement signed by the person licensed as a member responsible for the proper utilization of gross proceeds ~~utilization-of-funds member~~ signifying that such licensed organization approves the applicant to act as a sales agent on behalf of such organization shall accompany each sales agent's application for a license. No person licensed as a member responsible for the proper utilization of gross proceeds ~~utilization-of-funds member~~ shall be licensed as a sales agent.

A fee of fifty dollars shall be charged for each license issued pursuant to this section. The department shall remit the proceeds from such fee ~~shall be deposited in to the State Treasurer for credit to the~~ Charitable Gaming Operations Fund. Such licenses shall expire on September 30 of each year or such other date which the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted to the department ~~on or before August 15 of each year at least forty-five days prior to the expiration date of the license.~~

(3) The information required by this section shall be kept current. A sales agent shall notify the department within thirty days if any information in the application is no longer correct and shall supply the correct information.

(4) The department may prescribe a separate application form for renewal purposes.

(5) The department may issue a temporary license pending receipt of additional information or further inquiry.

Sec. 76. That section 9-329.01, Revised Statutes Supplement, 1993, be amended to read as follows:

9-329.01. (1) Prior to applying for a license as a sales agent for a licensed organization, the applicant shall have been an active and bona fide member of the licensed organization for one year preceding the date the application is filed with the department.

(2) No person applying for a license under this section shall hold a license as a sales agent for more than one licensed organization. This subsection shall not prohibit a licensed sales agent from applying for a license to represent another licensed organization as a sales agent if he or she has ceased being a sales agent for and will not continue to market pickle card units on behalf of the organization for which he or she is currently licensed and has obtained a written release of any legal obligations he or she has to such licensed organization. Such release shall be signed by a person licensed as a member responsible for the utilization of gross proceeds ~~utilization-of-funds member~~ and an officer of the licensed organization and shall state that the sales agent has satisfied all legal obligations he or she has to the licensed organization in connection with the lottery by the sale of pickle cards. When applicable, a copy of the written release shall accompany any application for a license to become a sales agent.

(3) Any sales agent licensed under the Nebraska Pickle Card Lottery Act shall not be connected with or interested in, directly or indirectly, any person, partnership, limited liability company, firm, corporation, or other party licensed as a distributor, manufacturer, or pickle card operator under section 9-329.03, 9-330, or 9-332 and, unless such sales agent does not directly or indirectly receive payment of any commission, salary, or fee for the sale, marketing, or delivery of pickle cards on behalf of the licensed organization or any other service on behalf of the licensed organization, shall not be a director, manager, trustee, or member of any governing committee, board, or body of the licensed organization on behalf of which the sales agent sells pickle card units.

Sec. 77. That section 9-329.02, Revised Statutes Supplement, 1993, be amended to read as follows:

9-329.02. (1) A pickle card operator shall not be eligible to sell

individual pickle cards as opportunities to participate in a lottery by the sale of pickle cards without first obtaining a license.

(2) Any sole proprietorship, partnership, limited liability company, or corporation wishing to operate as a pickle card operator in this state shall file an application with the department for a license on a form prescribed by the department. Each application for a license shall include (a) the name, address, and state identification number of the sole proprietorship, partnership, limited liability company, or corporation applying for the license, (b) a description of the premises on which the pickle cards will be sold or offered for sale, and (c) such other information which the department deems necessary. The information required by this subsection shall be kept current. A pickle card operator shall notify the department within thirty days if any information in the application is no longer correct and shall supply the correct information.

(3) A fee of fifty dollars shall be charged for each license issued pursuant to this section and shall be paid for by the applicant. A licensed organization shall not pay the required licensing fees of a pickle card operator as an inducement for the pickle card operator to sell individual pickle cards on its behalf. Such licenses shall expire on September 30 of each year or such other date as the department may prescribe by rule and regulation and may be renewed annually. The department shall remit the proceeds from such license fees shall be deposited in to the State Treasurer for credit to the Charitable Gaming Operations Fund. An application for license renewal shall be submitted to the department on or before August 1 of each year at least sixty days prior to the expiration date of the license.

(4) One license issued to any sole proprietorship, partnership, limited liability company, or corporation under this section as a pickle card operator shall cover the sole proprietorship, partnership, limited liability company, or corporation and the employees of the licensed pickle card operator. Any license issued pursuant to this section shall be valid only for the sole proprietorship, partnership, limited liability company, or corporation in the name of which it was issued and shall allow the sale of individual pickle cards only on the premises described in the pickle card operator's application for a license. A pickle card operator's license may not be transferred under any circumstances including change of ownership. For purposes of this subsection, a change of ownership of stock in a corporation which does not result in any person becoming the owner of a substantial interest in such corporation who was not the owner of a substantial interest immediately preceding the transaction shall not be deemed a change of ownership.

(5) The department may prescribe a separate application form for renewal purposes.

(6) A licensed pickle card operator shall not sell individual pickle cards on behalf of a licensed organization until an authorization has been obtained from the department by the licensed organization. The licensed organization shall file an application with the department for such authorization on a form prescribed by the department. Each application for an authorization shall include (a) the name, address, and state identification number of the licensed pickle card operator and (b) such other information which the department deems necessary. The application shall include a statement signed by a person licensed as a member responsible for the proper utilization of gross proceeds utilization-of-funds member signifying that such licensed organization approves the pickle card operator to sell individual pickle cards on behalf of such organization.

(7) A pickle card operator may sell individual pickle cards on behalf of more than one licensed organization. Each licensed organization for which the pickle card operator desires to sell individual pickle cards shall obtain the authorization described in subsection (6) of this section.

(8) A pickle card operator who sells individual pickle cards through a coin-operated or currency-operated dispensing device shall purchase, lease, or rent its own equipment. If such equipment is obtained from a licensed organization or distributor, it shall be purchased, leased, or rented at a rate not less than fair market value. A licensed organization or distributor shall not provide such equipment to a pickle card operator free of charge or at a rate less than fair market value as an inducement for the pickle card operator to sell its individual pickle cards. The department may require a licensed organization, distributor, or pickle card operator to provide such documentation as the department deems necessary to verify that a pickle card operator has purchased, leased, or rented the equipment for a rate not less than fair market value.

(9) No pickle card operator shall generate revenue from the sale of individual pickle cards which exceeds the revenue generated from other retail

sales on an annual basis. For purposes of this subsection, retail sales shall not include revenue generated from other charitable gaming activities authorized by Chapter 9. The department shall prescribe by rule and regulation a report to be submitted to the department by the pickle card operator which will allow the department to determine compliance with this subsection.

Sec. 78. That section 9-330, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-330. Any applicant for a distributor's license, including renewal thereof, shall file an application with the department on a form prescribed by the department. Each application shall be accompanied by an application fee in the amount of twenty-five dollars, together with a license fee of one thousand five hundred twenty-five dollars. At a minimum, the application shall include the name and address of the applicant, including all shareholders who own ten percent or more of the outstanding stock if the applicant is a corporation, the location of its office or business, and a current list, if requested, of those organizations within the state to whom the applicant is selling pickle card units. All applications shall include a sworn statement by the applicant or the appropriate officer thereof that the applicant will comply with all provisions of the Nebraska Pickle Card Lottery Act and all rules and regulations adopted and promulgated under such act.

The principal office of an applicant for a distributor's license or of a licensed distributor shall be located in Nebraska.

No person shall be issued a distributor's license if such person is not doing business or authorized to do business in this state.

All distributors' licenses shall expire on September 30 of each year or such other date as the department may prescribe by rule or regulation. An application for license renewal shall be submitted to the department on or before August 15 of each year at least forty-five days prior to the expiration date of the license.

Sec. 79. That section 9-331, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-331. (1) No person, except a distributor operating pursuant to the Nebraska Pickle Card Lottery Act, shall sell or distribute any pickle card units to any licensed organization.

(2) No distributor shall hold a license to conduct a lottery by the sale of pickle cards or any other kind of gambling activity which is authorized or regulated under Chapter 9 or a license to act as a sales agent, pickle card operator, or manufacturer of pickle cards or pickle card units except as provided in sections 9-235 and 9-632 section 9-632 and section 55 of this act.

(3) If a distributor delivers any pickle card unit, he or she shall deliver such unit only to a licensed designated member of the licensed organization responsible for the proper utilization of gross proceeds or a sales agent utilization-of-funds member for pickle cards, a licensed sales agent, a licensed gaming manager, or a bingo chairperson designated by an organization licensed to conduct bingo pursuant to the Nebraska Bingo Act and shall not deliver any pickle card unit to any other person, whether or not such person is a pickle card operator.

(4) No distributor shall offer or agree to offer anything of value to any pickle card operator person in exchange for an agreement or commitment by such pickle card operator person to exclusively sell pickle cards sold by such distributor. Nothing in this section shall prohibit a licensed organization or pickle card operator from exclusively selling pickle cards sold by a single distributor. No licensed organization or pickle card operator shall accept or agree to accept anything of value from a distributor in exchange for an agreement or commitment by such licensed organization or pickle card operator to exclusively sell pickle cards sold by such distributor.

(5) No distributor or employee or spouse of any distributor shall participate in the conduct or operation of any lottery by the sale of pickle cards or any other kind of gambling activity which is authorized or regulated under Chapter 9 except to the exclusive extent of his or her statutory duties as a licensed distributor and as provided in sections 9-235 and 9-632 section 9-632 and section 55 of this act. No distributor or employee or spouse of any distributor shall have a substantial interest in another distributor, a manufacturer, a manufacturer-distributor as defined in section 9-616 other than itself, or a licensed organization or any other licensee regulated under Chapter 9. Membership in any organization shall not be deemed a violation of this section.

(6) A distributor shall purchase or otherwise obtain pickle card units only from a licensed manufacturer and shall pay for such units by check

within fifteen days of delivery.

Sec. 80. That section 9-332, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-332. A manufacturer shall obtain a license from the department prior to manufacturing or selling or supplying to any persons for use within this state any pickle cards or licensed distributor in this state any pickle cards or pickle card units or engaging in any interstate activities relating to such pickle cards or pickle card units, except that nothing in this section shall prohibit a manufacturer from marketing, selling, or otherwise providing pickle cards or pickle card units to a federally recognized Indian tribe for use in a Class II gaming activity authorized by the federal Indian Gaming Regulatory Act. The applicant shall include with the application form supplied prescribed by the department a license fee of one thousand five hundred twenty-five dollars, a sworn statement by the applicant or appropriate officer of the applicant that the applicant will comply with all provisions of the Nebraska Pickle Card Lottery Act and all rules and regulations adopted and promulgated pursuant to the act, and such other information as the department deems necessary, and the following information:

(1) The name and address of the applicant and the name and address of each of its separate locations manufacturing pickle cards and pickle card units;

(2) The name and home address of all owners of the manufacturing business if the business is not a corporation. If the business is a corporation, the name and home address of each of the officers and directors of the corporation and of each stockholder owning ten percent or more of any class of stock in the corporation shall be supplied;

(3) A full description of each type of pickle card and pickle card unit which the applicant seeks to manufacture or market in this state;

(4) For each such type of pickle card or pickle card unit; the brand name under which it is sold;

(5) If the applicant is a foreign manufacturer; the full name; business address; and home address of the agent who is a resident of this state designated pursuant to section 9-334;

(6) A list of all distributors of such pickle cards and pickle card units in which the applicant has some financial interest and the details of such interest. For the purpose of this subdivision; financial interest shall include, among all other interests; any indebtedness from the applicant to another person or from another person to the applicant in excess of five hundred dollars; and

(7) A current list of all Nebraska-licensed distributors to whom the manufacturer wishes to sell.

The applicant shall notify the department within thirty days of any change in the information submitted on or with the application form. The applicant shall comply with all applicable laws of the United States and the State of Nebraska and all applicable rules and regulations of the department.

Manufacturers' licenses shall expire on September 30 of each year or such other date as the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted to the department on or before August 15 of each year at least forty-five days prior to the expiration date of the license.

Sec. 81. That section 9-334, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-334. Each manufacturer selling pickle cards and pickle card units in this state that is not a resident or corporation shall designate a natural person who is a resident of and living in this state and is eighteen nineteen years of age or older as a resident agent for the purpose of receipt and acceptance of service of process and other communications on behalf of the manufacturer. The name, business address where service of process and delivery of mail can be made, and home address of such agent shall be filed with the department.

Sec. 82. That section 9-335, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-335. No manufacturer or manufacturer's representative shall be licensed to conduct any other activity under the Nebraska Pickle Card Lottery Act. No manufacturer shall hold a license to conduct any other kind of gambling activity which is authorized or regulated under Chapter 9 except as provided in sections 9-233-01 and 9-632. section 9-632 and section 57 of this act. No manufacturer or employee or spouse of any manufacturer shall participate in the conduct or operation of any lottery by the sale of pickle cards or any other kind of gambling activity which is authorized or regulated under Chapter 9 except to the exclusive extent of his or her statutory duties as a licensed manufacturer or employee thereof, as a lottery contractor

pursuant to the State Lottery Act, and as provided in section 9-632 and section 57 of this act. No manufacturer or employee or spouse of any manufacturer shall have a substantial interest in any other manufacturer, any distributor, any manufacturer-distributor as defined in section 9-616 other than itself, or any licensed organization or any other licensee regulated under Chapter 9.

Sec. 83. That section 9-336, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-336. Each manufacturer of pickle cards or pickle card units shall assign a ~~series~~ serial number to each ~~series~~ unit of pickle cards he or she manufactures and place such number on each flare card supplied by such manufacturer and on each pickle card in the unit. ~~series.~~ A manufacturer may, in addition, assign a color trim to the series, and if assigned, each pickle card in the series shall also reflect the color trim. No manufacturer or manufacturer's representative shall sell or furnish to any person a series unit of pickle cards with the same series number and color code combination as a series which such person has previously purchased or obtained but upon which play has not been completed serial number as a unit which such manufacturer has previously distributed in this or any other state within the three years prior to such sale or furnishing.

Sec. 84. That section 9-340, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-340. (1) No manufacturer shall sell or otherwise provide any pickle cards or any pickle card units to any person in Nebraska except a licensed distributor or a federally recognized Indian tribe for use in a Class II gaming activity authorized by the federal Indian Gaming Regulatory Act. No distributor licensed in Nebraska shall purchase ~~such or otherwise obtain any pickle cards or pickle card~~ units except from manufacturers licensed in Nebraska.

(2) No distributor shall sell or otherwise provide any pickle card units except to an organization licensed to conduct a lottery by the sale of pickle cards pursuant to the Nebraska Pickle Card Lottery Act or to a federally recognized Indian tribe for use in a Class II gaming activity authorized by the federal Indian Gaming Regulatory Act. No pickle cards shall be sold by a distributor except in the form of pickle card units. No distributor shall market or sell any pickle card unit for use in this state:

- (a) Which has not been approved and authorized by the department;
- (b) Which has a card or play count in excess of four thousand five hundred per pickle card unit;
- (c) Which offers less than sixty-five percent or more than eighty percent of the gross proceeds to be paid out in prizes;
- (d) Which contains any pickle card or punch on a punchboard, the individual purchase price of which exceeds one dollar;
- (e) In which any individual pickle card awards a prize or prizes in excess of five hundred dollars;
- (f) Which may be used for any gift enterprise as defined in section 9-701;

(g) Unless and until a stamp obtained from the department containing an identifying number has been permanently and conspicuously affixed upon the flare card supplied by the manufacturer for identification purposes. Once placed, such stamp shall not be removed or tampered with by any person. The state identification stamp shall be placed on each punchboard such that the complete number, together with the symbol appearing thereon, is plainly visible. State identification stamps shall be obtained only from the department and only by a licensed distributor for ten cents each. Such stamps shall be placed by the licensed distributor only on items sold or furnished to licensed organizations in this state. Such stamps shall not be transferred or furnished to any other person unless already placed upon a punchboard or pickle card unit; or

(h) Without the information required in section 9-346.

(3) The department may require a manufacturer seeking approval of any pickle card unit to pay the actual costs incurred by the department in examining the unit. If required, the anticipated costs shall be paid in advance by the manufacturer. After completion of the examination, the department shall refund overpayments or charge and collect amounts sufficient to reimburse the department for underpayment of actual costs.

Sec. 85. That section 9-342, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-342. (1) Any organization licensed to conduct a lottery by the sale of pickle cards shall purchase units for such purposes from a distributor and shall use the net profit from the sale of the pickle cards for a lawful purpose.

(2) When any organization licensed to conduct a lottery by the sale of pickle cards purchases units from a distributor, such organization shall provide the distributor with a copy of the organization's license or other adequate identification indicating that such organization has a valid license issued pursuant to section 9-327.

(3) Only a person (a) licensed pursuant to section 9-327 as a member responsible for the proper utilization of gross proceeds shall purchase utilization-of-funds member, (b) licensed pursuant to section 9-329 as a sales agent, (c) licensed pursuant to section 34 of this act as a gaming manager, or (d) designated as a bingo chairperson by an organization licensed to conduct bingo pursuant to the Nebraska Bingo Act shall order pickle card units from a distributor on behalf of the organization. Only a person licensed as a utilization-of-funds member shall purchase pickle card units from a distributor on behalf of the organization. No pickle card operator or sales agent shall order or purchase any pickle card or pickle card unit from a distributor.

Sec. 86. That section 9-344, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-344. (1) Accompanying the monthly reports required in section 9-343, the distributor shall remit to the department a tax equal to ten percent of the definite profit of each pickle card unit sold by the distributor. Such tax shall be remitted with and reported on a form prescribed by the department on a monthly basis and shall be due and payable within thirty days after each monthly period or by the last day of the month following each monthly period, whichever comes first. Such tax shall be credited. The department shall remit the tax to the State Treasurer for credit to the Charitable Gaming Operations Fund. The distributor shall include the tax due under this section in the selling price of units and shall separately state such tax on the invoice. All deficiencies of the tax prescribed in this section shall accrue interest and be subject to a penalty as provided for sales and use taxes in the Nebraska Revenue Act of 1967.

(2) Unless otherwise provided in the Nebraska Pickle Card Lottery Act, no occupation tax on any proceeds derived from the conduct of a lottery by the sale of pickle cards shall be levied, assessed, or collected from any licensee under the act by any county, township, district, city, village, or other governmental subdivision or body having power to levy, assess, or collect such tax.

(3) For purposes of proper administration of the tax imposed by this section and to prevent evasion of the tax, it shall be presumed that each pickle card unit sold by a distributor or obtained from a manufacturer and not accounted for by a distributor is subject to the tax until the contrary is established. The burden of proving the contrary shall be upon the distributor.

Sec. 87. That section 9-345.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-345.01. A licensed organization shall may conduct a lottery by the sale of pickle cards only at its designated premises, at its regularly scheduled bingo occasion and its limited period bingo conducted pursuant to the Nebraska Bingo Act, and at the premises of one or more pickle card operators.

A licensed organization may obtain an authorization from the department to sell its individual pickle cards at a festival, bazaar, picnic, carnival, limited period bingo occasion conducted pursuant to the Nebraska Bingo Act, or similar special function conducted by the licensed organization outside of the organization's designated premises one time per license year not to exceed seven consecutive days if the special function is conducted within the county in which the licensed organization has its principal office and the pickle cards are sold only by volunteer members of the licensed organization. A licensed organization shall make written request to the department for such authorization at least ten days prior to the start of the special function.

Sec. 88. That section 9-346, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-346. (1) The winning cards, boards, or tickets in any lottery by the sale of pickle cards shall be determined by a comparison of those numbers, letters, symbols, or configurations, or combination thereof, which are revealed on the pickle cards, to a set of numbers, letters, symbols, or configurations, or combination thereof, which has been previously specified as a winning combination. Whenever the winning combinations do not comprise a statement of the cash prize won, the winning combinations shall be printed on every pickle card that is wider than one inch or longer than two and one-half inches. Pickle cards that are smaller than such dimensions shall have the

winning combinations printed on a flare card that is publicly displayed at the point of sale of the pickle cards.

(2) The winning chances of any pickle card shall not be determined or otherwise known until after its purchase and only upon opening, pulling, detaching, breaking open, or otherwise removing the tab or tabs to clearly reveal or otherwise appropriately revealing the combination. The winning chances shall be determined by and based upon an element of chance.

(3) Any person possessing a winning pickle card shall receive the appropriate cash prize or value previously determined and specified for that winning combination.

(4) All pickle cards shall legibly bear on the outside of each pickle card the name of the nonprofit licensed organization conducting the lottery by the sale of pickle cards and such organization's state identification number.

(5) Nothing in this section shall prohibit punchboards which allow the person who purchases the last punch on the punchboard to receive a cash prize predetermined by the manufacturer as a result of purchasing the last punch.

Sec. 89. That section 9-347, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-347. (1) The gross proceeds of any lottery by the sale of pickle cards shall be used solely for lawful purposes, awarding of prizes, payment of the unit cost, any commission paid to a pickle card operator, and allowable expenses, and allocations for bingo expenses as provided by subsection (5) of this section.

(2) ~~Until October 1, 1989; not less than sixty-five percent or more than seventy-five percent of the gross proceeds of any lottery by the sale of pickle cards shall be used for the awarding of prizes. Commencing October 1, 1989; not less than sixty-five percent or more than eighty percent of the gross proceeds of any lottery by the sale of pickle cards shall be used for the awarding of prizes.~~

(3) ~~Not more than six percent of the definite profit of a pickle card unit shall be used by the licensed organization to pay the allowable expense of operating a lottery by the sale of pickle cards, except that license fees paid to the department to license the organization, each utilization-of-funds member, and any sales agent and pickle card dispensing device registration fees shall not be included in determining the six-percent limitation on expenses and no portion of such six percent shall be used to pay any expenses associated with the sale of pickle cards at a bingo occasion conducted pursuant to the Nebraska Bingo Act, and of such six percent of which not more than four percent of the definite profit may be used by the licensed organization for the payment of any commission, salary, or fee to a sales agent in connection with the marketing of a pickle card unit. When determining the six percent of definite profit that is permitted to pay the allowable expenses of operating a lottery by the sale of pickle cards, the definite profit from the sale of pickle cards at the organization's bingo occasions shall not be included.~~

(4) ~~Not more than thirty percent of the definite profit of a pickle card unit shall be used by a licensed organization to pay a pickle card operator a commission, fee, or salary for selling individual pickle cards as opportunities for participation in a lottery by the sale of pickle cards on behalf of the licensed organization.~~

(5) ~~An organization licensed to conduct bingo pursuant to the Nebraska Bingo Act may allocate a portion of the expenses associated with the conduct of its bingo occasions to its lottery by the sale of pickle cards conducted at such bingo occasions. Such allocation shall be based upon the percentage that pickle card gross proceeds derived from the sale of pickle cards at the bingo occasions represents to the total of bingo gross receipts and pickle card gross proceeds derived from such bingo occasions for the previous annual period July 1 through June 30. An organization licensed to conduct bingo that has not been previously licensed shall determine such allocation based upon the percentage that pickle card gross proceeds derived from the sale of pickle cards at the bingo occasions represents to the total of bingo gross receipts and pickle card gross proceeds derived from such bingo occasions for the initial three consecutive calendar months of operation. The total amount of expenses that may be allocated to the organization's lottery by the sale of pickle cards shall be subject to the limitations on bingo expenses as provided for in the Nebraska Bingo Act with respect to the twelve-percent expense limitation and the fair-market-value limitation on the purchase, rental, or lease of bingo equipment and the rental or lease of a premises for the conduct of bingo. No expenses associated with the conduct of bingo may be paid directly from the pickle card checking account. A licensed~~

organization which needs to allocate a portion of the expenses associated with the conduct of its bingo occasions to its lottery by the sale of pickle cards conducted at such bingo occasions to pay bingo expenses as provided by this section shall transfer funds from the pickle card checking account to the bingo checking account by a check drawn on the pickle card checking account or by electronic funds transfer.

Sec. 90. That section 9-348, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-348. (1) The definite profit, less not more than thirty percent of the definite profit as allowed by subsection (4) of section 9-347, of any lottery by the sale of pickle cards shall be segregated from other revenue of any licensed organization conducting the lottery and placed in a separate checking account. All lawful purpose donations and expenses relating to the licensed organization's lottery by the sale of pickle cards, including the allowable expenses, any license fees paid to the department to license the organization, each utilization-of-funds member, and any sales agent, pickle card dispensing device registration fees, and the unit cost but excluding the payment of prizes for winning cards, shall be paid by check from such account and shall be made payable to the ultimate use of such lawful purpose donations or expenses.

(2) Separate records shall be maintained by any licensed organization conducting a lottery by the sale of pickle cards. Each nonprofit organization conducting a lottery by the sale of pickle cards shall keep a record of all locations or persons who are paid to sell pickle cards. Records and lists required by the Nebraska Pickle Card Lottery Act shall be preserved for at least three years. Any law enforcement agency or other agency of government shall have the authority to investigate the records relating to lotteries by the sale of pickle cards and gross proceeds from such lotteries at any time. Organizations shall, upon proper written request, deliver all such records to the department, law enforcement agency, or other agency of government for investigation.

Sec. 91. That section 9-348.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-348.01. (1) A lottery by the sale of pickle cards shall fund itself after its first year of existence and shall not receive money from any other source, including the operation of other charitable gaming activities, for the payment of prizes, unit cost, allowable expenses, any commission paid to a pickle card operator, lawful purpose donations, or any other expense associated with the operation of the lottery by the sale of pickle cards except as provided in subsection (2) of this section.

(2) A licensed organization establishing a lottery by the sale of pickle cards may finance such lottery with money from the general fund of the licensed organization during the first year of operation of the lottery by the sale of pickle cards. General fund money used to finance a lottery by the sale of pickle cards may be repaid from funds received by the lottery by the sale of pickle cards.

(3) A licensed organization conducting a lottery by the sale of pickle cards shall make all payments associated with the operation of the lottery by the sale of pickle cards, including allowable expenses, unit cost, and lawful purpose donations but excluding prizes and any commission paid to a pickle card operator, by a check drawn upon its pickle card bank account. A licensed organization may commingle funds received from the sale of pickle cards with any general operating funds of the licensed organization or transfer money received from the sale of pickle cards to other general operating accounts of the licensed organization by means of a check drawn on the pickle card checking account or by electronic funds transfer from that account, but the burden of proof shall be on the licensed organization to demonstrate that such commingled funds are not used to make any payments associated with the operation of the lottery by the sale of pickle cards and are used for a lawful purpose.

Sec. 92. That section 9-349, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-349. A licensed organization conducting a lottery by the sale of pickle cards shall report annually to its membership, on a form prescribed by the department, its gross proceeds, its profits from pickle card sales, and the itemized distribution of such profits resulting from conducting any lottery by the sale of pickle cards pursuant to the Nebraska Pickle Card Lottery Act by such organization. A copy of the annual report, including a breakdown of receipts and expenses, shall be sent to the department a complete and accurate accounting of its gross proceeds from the lottery by the sale of pickle cards on a form prescribed by the department. The annual report shall demonstrate that the organization's definite profit from pickle card sales has

been retained in the organization's pickle card checking account or expended solely for allowable expenses, unit costs, any pickle card operator commissions, lawful purpose donations, any license fees paid to the department to license the organization, each utilization-of-funds member, and any sales agent, pickle card dispensing device registration fees, or any bingo expenses allocated to the sale of pickle cards as provided for in section 9-347. A copy of the annual report shall be submitted to the organization's membership. The annual report shall cover the organization's lottery by the sale of pickle cards activities from July 1 to through June 30 of each year. The annual report and shall be submitted to the department with the organization's application for license renewal or on or before August 15 of each year, if license renewal is not intended.

Sec. 93. That section 9-356, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-356. (1) Except in accordance with a proper judicial order or as otherwise provided by this section or other law, it shall be a Class I misdemeanor for the Tax Commissioner or any employee or agent of the Tax Commissioner to make known, in any manner whatsoever, the contents of any tax return or any reports or records submitted by a licensed distributor or manufacturer or the contents of any personal history reports submitted by any licensee or license applicant to the department pursuant to the Nebraska Pickle Card Lottery Act and any rules and regulations adopted and promulgated pursuant to such act.

(2) Nothing in this section shall be construed to prohibit (a) the delivery to a taxpayer, licensee, or his or her duly authorized representative or his or her successors, receivers, trustees, executors, administrators, assignees, or guarantors, if directly interested, a certified copy of any tax return or report or record, (b) the publication of statistics so classified as to prevent the identification of particular tax returns or reports or records, (c) the inspection by the Attorney General, a county attorney, or other legal representative of the state of tax returns or reports or records submitted by a licensed distributor or manufacturer when information on the tax returns or reports or records is considered by the Attorney General, county attorney, or other legal representative to be relevant to any action or proceeding instituted by the taxpayer or licensee or against whom an action or proceeding is being considered or has been commenced by any state agency or county, (d) the furnishing of any information to the United States Government or to states allowing similar privileges to the Tax Commissioner, (e) the disclosure of information and records to a collection agency contracting with the Tax Commissioner for the collection of delinquent taxes under the Nebraska Pickle Card Lottery Act, (f) the publication or disclosure of final administrative opinions and orders made by the Tax Commissioner in the adjudication of license denials, suspensions, cancellations, or revocations or the imposition levying of fines, (g) the release of any application, without the contents of any submitted personal history report, filed with the department to obtain a license to conduct activities under the act, which shall be deemed a public record, or (h) the release of any report filed pursuant to section 9-349 or any other report filed by a licensed organization, sales agent, or pickle card operator pursuant to the act, which shall be deemed a public record.

(3) Nothing in this section shall prohibit the Tax Commissioner or any employee or agent of the Tax Commissioner from making known the names of persons, firms, or corporations licensed to conduct activities under the act, the locations at which such activities are conducted by license holders, or the dates on which such licenses were issued.

(4) Notwithstanding subsection (1) of this section, the Tax Commissioner may permit the Postal Inspector of the United States Postal Service or his or her delegates to inspect a tax return or reports or records submitted by a licensed distributor or manufacturer pursuant to the act when information on the returns or reports or records is relevant to any action or proceeding instituted or being considered by the United States Postal Service against such person for the fraudulent use of the mails to carry and deliver false and fraudulent tax returns to the Tax Commissioner with the intent to defraud the State of Nebraska or to evade the payment of Nebraska state taxes.

(5) Notwithstanding subsection (1) of this section, the Tax Commissioner may permit other tax officials of this state to inspect a tax return or reports or records submitted pursuant to the act, but such inspection shall be permitted only for purposes of enforcing a tax law and only to the extent and under the conditions prescribed by the rules and regulations of the Tax Commissioner.

Sec. 94. That section 9-401, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-401. Sections 9-401 to 9-437 and section 100 of this act shall be

known and may be cited as the Nebraska Lottery and Raffle Act.

Sec. 95. That section 9-403, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-403. For purposes of the Nebraska Lottery and Raffle Act, unless the context otherwise requires, the definitions found in sections 9-404 to 9-417 and section 100 of this act shall be used.

Sec. 96. That section 9-404, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-404. Allowable expenses shall mean:

~~(a) all~~ (1) All costs associated with the purchasing, printing, or manufacturing of any items to be used or distributed to participants such as tickets;

~~(b) all~~ (2) All office expenses;

~~(c) all~~ (3) All promotional expenses;

~~(d) the~~ (4) The tax on gross proceeds prescribed in section 9-429;

(5) All license and permit fees prescribed by the Nebraska Lottery and Raffle Act;

(6) Any tax or fee imposed pursuant to section 9-433; and

(7) Any ~~and~~ ~~(e)~~ any fee paid to any person associated with the operation of any lottery or raffle.

Sec. 97. That section 9-407, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-407. Gross proceeds shall mean the total receipts received from the conduct of the lottery or raffle without any reduction for prizes, discounts, taxes, or allowable expenses. Gross proceeds shall include receipts from any required admission costs or any other required purchase, to the extent such admission cost or purchase itself constitutes a chance in the lottery or raffle, and the value of any free tickets or stubs or free plays used.

Sec. 98. That section 9-408, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-408. (1) Lawful purpose shall mean charitable or community betterment purposes, including, but not limited to, one or more of the following:

(a) Benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering, or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded;

(b) Initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; and

(c) Lessening the burdens borne by government or voluntarily supporting, augmenting, or supplementing services which government would normally render to the people.

(2) Lawful purpose shall not include any activity consisting of an attempt to influence legislation or participate in any political campaign on behalf of any elected official or person who is or has been a candidate for public office.

(3) Nothing in this section shall prohibit any veterans organization which is nationally chartered by the Congress of the United States, or any auxiliary thereof, or any nonprofit organization holding a certificate of exemption under subsection (e), subdivision 3, 5, 7, 8, 10, or 19, of section 501 of the Internal Revenue Code organization licensed pursuant to the Nebraska Lottery and Raffle Act from using its proceeds or profits derived from activities under the act Nebraska Lottery and Raffle Act in any activity which benefits and is conducted by the organization, including any charitable, benevolent, humane, religious, philanthropic, recreational, social, educational, civic, or fraternal activity conducted by the organization for the benefit of its members.

Sec. 99. That section 9-409, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-409. License shall mean any license to conduct a lottery or raffle as provided in section 9-424 or any license for a designated member responsible for the proper utilization of gross proceeds as provided in section 9-425 and responsible for supervising the conduct of the lottery or raffle utilization-of-funds member as provided in such section.

Sec. 100. Utilization-of-funds member shall mean a member of the organization who shall be responsible for supervising the conduct of a lottery or raffle and for the proper utilization of the gross proceeds derived from the conduct of a lottery or raffle.

Sec. 101. That section 9-418, Reissue Revised Statutes of Nebraska,

1943, be amended to read as follows:

9-418. The department shall have the following powers, functions, and duties:

(1) To issue licenses and permits;
 (2) To deny any license or permit application or renewal application for cause. Cause for denial of an application ~~for~~ or renewal of a license or permit shall include instances in which the applicant, licensee, or permittee individually or, in the case of a nonprofit organization, any officer, director, employee, or limited liability company member of the applicant, licensee, or permittee, other than an employee whose duties are purely ministerial in nature, any other person or entity directly or indirectly associated with such applicant, licensee, or permittee which directly or indirectly receives compensation other than distributions from a bona fide retirement plan established pursuant to Chapter 400 of the Internal Revenue Code of 1986, as amended, from such applicant, licensee, or permittee for past or present services in a consulting capacity or otherwise, the licensee, the permittee, or any person with a substantial interest therein in the applicant, licensee, or permittee:

(a) Violated the provisions, requirements, conditions, limitations, or duties imposed by the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, or the Nebraska Small Lottery and Raffle Act, or the State Lottery Act or any rules or regulations adopted and promulgated pursuant to such acts;

(b) knowingly knowingly caused, aided, abetted, or conspired with another to cause any person to violate any of the provisions of such acts or any rules or regulations adopted and promulgated pursuant to such acts;

(c) obtained Obtained a license or permit pursuant to the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act by fraud, misrepresentation, or concealment;

(d) was Was convicted of, forfeited bond upon a charge of, or pleaded guilty to forgery, larceny, extortion, conspiracy to defraud or nolo contendere to any offense or crime, whether a felony or misdemeanor, involving any gambling activity or fraud, theft, willful failure to make required payments or reports, or filing false reports with a governmental agency at any level, or filing false reports with any such agency, or any similar offense or offenses or any crime, whether a felony or misdemeanor, involving any gambling activity or moral turpitude;

(e) Was convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any felony other than those described in subdivision (d) of this subdivision within the ten years preceding the filing of the application;

(f) Denied denied the department or its authorized representatives, including authorized law enforcement agencies, access to any place where lottery or raffle activity required to be licensed under the Nebraska Lottery and Raffle Act is being conducted or failed to produce for inspection or audit any book, record, document, or item required by law, rule, or regulation;

(f) made (g) Made a misrepresentation of or failed to disclose a material fact to the department;

(g) failed (h) Failed to prove by clear and convincing evidence his, her, or its qualifications to be licensed in accordance with the Nebraska Lottery and Raffle Act;

(h) failed (i) Failed to pay any taxes and additions to taxes, including penalties and interest, required by the Nebraska Bingo Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act or any other taxes imposed pursuant to the Nebraska Revenue Act of 1967; or

(+ failed (j) Failed to pay an administrative fine imposed levied pursuant to the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act;

(k) Failed to demonstrate good character, honesty, and integrity; or

(l) Failed to demonstrate, either individually or, in the case of a nonprofit organization, through its managers or employees, the ability, experience, or financial responsibility necessary to establish or maintain the activity for which the application is made.

No license renewal shall be issued when the applicant for renewal would not be eligible for a license upon a first application;

(3) To revoke, cancel, or suspend for cause any license or permit. Cause for revocation, cancellation, or suspension of a license or permit shall include instances in which the licensee or permittee individually or, in the case of a nonprofit organization, any officer, director, employee, or limited liability company member of the licensee or permittee, other than an employee

whose duties are purely ministerial in nature, any other person or entity directly or indirectly associated with such licensee or permittee which directly or indirectly receives compensation other than distributions from a bona fide retirement plan established pursuant to Chapter 400 of the Internal Revenue Code of 1986, as amended, from such licensee or permittee for past or present services in a consulting capacity or otherwise, or any person with a substantial interest therein in the licensee or permittee:

(a) Violated the provisions, requirements, conditions, limitations, or duties imposed by the Nebraska Lottery and Raffle Act or any rules or regulations adopted and promulgated pursuant to the act;

(b) knowingly ~~Knowingly~~ caused, aided, abetted, or conspired with another to cause any person to violate any of the provisions of the act or any rules or regulations adopted and promulgated pursuant to the act;

(c) ~~obtained~~ Obtained a license or permit pursuant to the act by fraud, misrepresentation, or concealment;

(d) ~~was~~ Was convicted of, forfeited bond upon a charge of, or pleaded guilty to ~~forgery, larceny, extortion, conspiracy to defraud or nolo contendere to any offense or crime, whether a felony or misdemeanor, involving any gambling activity or fraud, theft, willful failure to make required payments or reports, or filing false reports with a governmental agency at any level, or filing false reports with any such agency, or any similar offense or offenses or any crime, whether a felony or misdemeanor, involving any gambling activity or moral turpitude;~~

(e) ~~Was convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any felony other than those described in subdivision (d) of this subdivision within the ten years preceding filing of the application;~~

(f) ~~Denied~~ denied the department or its authorized representatives, including authorized law enforcement agencies, access to any place where lottery or raffle activity required to be licensed under the act is being conducted or failed to produce for inspection or audit any book, record, document, or item required by law, rule, or regulation;

~~(f) made~~ (g) Made a misrepresentation of or failed to disclose a material fact to the department;

~~(g) failed~~ (h) Failed to pay any taxes and additions to taxes, including penalties and interest, required by the act; ~~or~~

~~(h) failed~~ (i) Failed to pay an administrative fine ~~imposed~~ levied pursuant to the act, Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle Card Lottery Act;

(j) Failed to demonstrate good character, honesty, and integrity; or

(k) Failed to demonstrate, either individually or, in the case of a nonprofit organization, through its managers or employees, the ability, experience, or financial responsibility necessary to maintain the activity for which the license was issued;

(4) To examine or to cause to have examined, by any agent or representative designated by the department for such purpose, any books, papers, records, or memoranda relating to lottery or raffle activities required to be licensed pursuant to the ~~act~~ Nebraska Lottery and Raffle Act, to require by summons the production of such documents or the attendance of any person having knowledge in the premises, to take testimony under oath, and to require proof material for its information. If any such person willfully refuses to make documents available for examination by the department or its agent or representative or willfully fails to attend and testify, the department may apply to a judge of the district court of the county in which such person resides for an order directing such person to comply with the department's request. If any documents requested by the department are in the custody of a corporation, the court order may be directed to any principal officer of the corporation. Any person who fails or refuses to obey such a court order shall be guilty of contempt of court;

(5) To ~~impose~~ levy an administrative fine of not more than one thousand dollars on a ~~licensee or permittee an individual, partnership, limited liability company, corporation, or organization~~ for cause. For purposes of this subdivision, cause shall include instances in which the ~~licensee or permittee an individual, partnership, limited liability company, corporation, or organization~~ violated the provisions, requirements, conditions, limitations, or duties imposed by the act or any rule or regulation adopted and promulgated pursuant to the act. In determining whether to ~~impose~~ levy an administrative fine and the amount of the fine if any fine is ~~imposed~~ levied, the department shall take into consideration the seriousness of the violation and the extent to which the ~~licensee or permittee~~ violation derived financial gain as a result of the violation. If an

administrative fine is imposed levied, the fine shall not be paid from lottery or raffle gross proceeds of a licensed organization and shall be remitted by the licensee or permittee violator to the department within thirty days from the date of the order issued by the department imposing levying such fine;

(6) Unless specifically provided otherwise, to compute, determine, assess, and collect the amounts required to be paid to the state as taxes imposed by the act in the same manner as provided for sales and use taxes in the Nebraska Revenue Act of 1967;

(7) To confiscate and seize lottery or raffle tickets or stubs pursuant to section 9-432; and

(8) To adopt and promulgate such rules and regulations, prescribe such forms, and employ such staff, including inspectors, as are necessary to carry out the Nebraska Lottery and Raffle Act.

Sec. 102. That section 9-418.02, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-418.02. (1) All money collected by the department as an administrative fine shall be remitted on a monthly basis to the State Treasurer for credit to the permanent school fund.

(2) Any administrative fine imposed levied under section 9-418 and unpaid shall constitute a debt to the State of Nebraska which may be collected by lien foreclosure or sued for and recovered in any proper form of action, in the name of the State of Nebraska, in the district court of the county in which the violator resides or owns property.

Sec. 103. That section 9-420, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-420. Before the adoption, amendment, or repeal of any rule or regulation, the suspension, revocation, or cancellation of any license or permit, or the imposition levying of an administrative fine pursuant to section 9-418, the department shall set the matter for hearing. Such suspension, revocation, or cancellation proceedings or proceedings to impose levy an administrative fine shall be considered contested cases pursuant to the Administrative Procedure Act.

At least ten days before the hearing, the department shall (1) in the case of suspension, revocation, or cancellation proceedings or proceedings to impose levy an administrative fine, serve notice by personal service or certified mail, return receipt requested, upon the licensee or permittee of the time, date, and place of any hearing or (2) in the case of adoption, amendment, or repeal of any rule or regulation, issue a public notice of the time, date, and place of such hearing.

This section shall not apply to an order of suspension by the Tax Commissioner prior to a hearing as provided in section 9-419.

Sec. 104. That section 9-424, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-424. (1) Each applicant for a license to conduct a lottery or raffle shall file with the department an application on a form prescribed by the department. (1) Each application shall include:

(a) The name and address of the applicant;
 (b) Sufficient facts relating to the incorporation or organization of the applicant to enable the department to determine if the applicant is eligible for a license under section 9-423;

(c) The name and address of each officer of the applicant organization;

(d) The name, address, social security number, date of birth, and years of membership of a bona fide and active member of the applicant organization who shall be responsible for the proper utilization of the gross proceeds derived from the conduct of the lottery or raffle and for supervising the conduct of the lottery or raffle for the organization to be licensed as a utilization-of-funds member. Such person shall have been an active and bona fide member of the applicant organization for at least one year preceding the date the application is filed with the department unless the applicant organization can provide evidence that the one-year requirement would impose an undue hardship on the organization. Such person shall sign a sworn statement indicating that he or she agrees to comply with all provisions of the Nebraska Lottery and Raffle Act and all rules and regulations adopted pursuant to the act, that no commission, fee, rent, salary, profits, compensation, or recompense will be paid to any person or organization except payments authorized by the act, and that all net profits will be spent only for lawful purposes. The department may prescribe a separate application for such license;

(e) A roster of members, if the department deems it necessary and proper; and

(f) Other information which the department deems necessary; and

(q) A fifteen-dollar license fee for the organization and a twenty-dollar license fee for each utilization-of-funds member.

(2) The information required by this section shall be kept current. An organization shall notify the department within thirty days if any information in the application is no longer correct and shall supply the correct information.

Sec. 105. That section 9-425, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-425. All licenses to conduct a lottery or raffle and licenses issued to designated members responsible for the proper utilization of gross proceeds utilization-of-funds members shall expire on September 30 of each year or such other date as the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted to the department at least thirty days prior to the starting date of the first lottery or raffle ticket sales for the license year. The department may issue a temporary license prior to receiving all necessary information from the applicant.

Each annual application for a license shall be accompanied by:

(1) A sworn statement of the designated member responsible for the proper utilization of gross proceeds and responsible for supervising the conduct of the lottery or raffle for the organization that all gross proceeds will be used in accordance with section 9-428; and

(2) A fifteen-dollar license fee for the organization and five dollars for a license for each designated member responsible for the proper utilization of gross proceeds.

Sec. 106. That section 9-427, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-427. (1) The gross proceeds of any lottery or raffle shall be used solely for lawful purposes, awarding of prizes, remission of taxes imposed under section 9-429; and allowable expenses.

(2) Not less than sixty-five percent of the gross proceeds of any lottery shall be used for the awarding of prizes, and not more than ten percent of the gross proceeds shall be used to pay the allowable expenses of operating such scheme.

(3) Not less than sixty-five percent of the gross proceeds of any raffle shall be used for the awarding of prizes, and not more than ten percent of the gross proceeds shall be used to pay the allowable expenses of operating such scheme, except that if prizes are donated to the licensed organization to be awarded in connection with such raffle, the prizes awarded shall have a fair market value equal to at least sixty-five percent of the gross proceeds and the licensed organization shall use the proceeds for the remission of taxes imposed under section 9-429; allowable expenses, optional additional prizes, and a lawful purpose.

Sec. 107. That section 9-429, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-429. Any licensed organization or any other organization or person conducting a lottery or raffle activity required to be licensed pursuant to the Nebraska Lottery and Raffle Act shall pay to the department a tax of two percent of the gross proceeds of each lottery having gross proceeds of more than one thousand dollars or raffle having gross proceeds of more than five thousand dollars. Such tax shall be remitted quarterly, within thirty days of the end of the quarter, on forms approved and provided by the department. The department shall remit the tax to the State Treasurer for credit and shall be credited to the Charitable Gaming Operations Fund, of the state. All deficiencies of the tax imposed by this section shall accrue interest and be subject to a penalty as provided for sales and use taxes in the Nebraska Revenue Act of 1967.

Sec. 108. That section 9-508, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-508. Qualifying nonprofit organization shall mean any nonprofit organization holding a certificate of exemption under section 501 of the Internal Revenue Code of 1986, as amended, or whose major activities, exclusive of conducting any lottery or raffle, are conducted for charitable and community betterment purposes. A qualifying nonprofit organization shall have its principal office located in this state and shall conduct a majority of its activities in Nebraska.

Sec. 109. That section 9-629, Revised Statutes Supplement, 1993, be amended to read as follows:

9-629. (1) Except as provided in section 9-629.02, the gross proceeds of any lottery conducted by a county, city, or village shall be used solely for community betterment purposes, awarding of prizes, taxes, and expenses.

(2) Not less than sixty-five percent of the gross proceeds shall be used for the awarding of prizes, except that for purposes of conducting a lottery authorized by subdivision (1)(c)(ii) of section 9-607, not less than sixty-five percent of the gross proceeds during an annual period from July 1 to June 30 of each year shall be used for the awarding of prizes.

(3) Not more than fourteen percent of the gross proceeds shall be used to pay the expenses of operating the lottery, except that license fees paid to the department and audit or legal expenses incurred by the county, city, or village which relate directly to the conduct of operating such lottery shall need not be included in determining the fourteen-percent limitation on expenses.

(4) For purposes of this section, audit and legal expenses shall include all expenses relating to: (a) The governmental organization of the lottery; (b) government maintenance, monitoring, and examination of lottery records; and (c) enforcement, regulatory, administrative, investigative, and litigation functions undertaken by government, but shall not include the expenses of the actual conduct of the game. Audit and legal expenses during an annual period from July 1 to June 30 of each year in excess of one percent of gross proceeds or five thousand dollars, whichever is greater, shall be subject to the fourteen-percent limitation on expenses under subsection (3) of this section. In the case of a joint lottery conducted pursuant to an interlocal agreement as provided for in section 9-625, the combined gross proceeds of the joint lottery shall be used to determine that portion of audit and legal expenses that are not subject to the fourteen-percent limitation on expenses.

Sec. 110. That section 9-632, Revised Statutes Supplement, 1993, be amended to read as follows:

9-632. (1) No individual, sole proprietorship, partnership, limited liability company, or corporation shall manufacture, sell, print, or distribute lottery equipment or supplies for use or play in this state without having first been issued a manufacturer-distributor license by the department.

(2) The department shall charge a biennial license fee of one thousand five hundred twenty-five dollars for the issuance or renewal of a manufacturer-distributor license. The department shall remit the proceeds from such license fees to the State Treasurer for credit to the Charitable Gaming Operations Fund. All manufacturer-distributor licenses may be renewed biennially. The biennial expiration date shall be September 30 of every odd-numbered year or such other date as the department may prescribe by rule and regulation. An application for license renewal shall be submitted to the department at least forty-five days prior to the expiration date of the license.

(3) An applicant for issuance or renewal of a manufacturer-distributor license shall apply for a license on a form prescribed by the department. The application form shall include:

(a) The name and address of the applicant and the name and address of each of its separate locations manufacturing or distributing lottery equipment or supplies;

(b) The name and home address of all owners or members of the manufacturer-distributor business if the business is not a corporation. If the business is a corporation, the name and home address of each of the officers and directors of the corporation and of each stockholder owning ten percent or more of any class of stock in the corporation shall be supplied;

(c) If the applicant is a foreign manufacturer-distributor, the full name, business address, and home address of the agent who is a resident of this state designated pursuant to section 9-633; and

(d) Such other information as the department deems necessary.

(4) The applicant shall notify the department within thirty days of any change in the information submitted on or with the application form. The applicant shall comply with all applicable laws of the United States and the State of Nebraska and all applicable rules and regulations of the department.

(5) Any person licensed as a manufacturer pursuant to section 9-233.01 ~~or 9-332~~ or section 57 of this act or as a distributor pursuant to section 9-235 ~~or 9-330~~ or section 55 of this act may act as a manufacturer-distributor pursuant to this section upon the filing of the proper application form and payment of a biennial license fee of one thousand five hundred twenty-five dollars.

Sec. 111. That section 9-639, Revised Statutes Supplement, 1993, be amended to read as follows:

9-639. No manufacturer-distributor shall be licensed to conduct any other activity under the Nebraska County and City Lottery Act. No manufacturer-distributor shall hold a license to conduct any other kind of gambling activity which is authorized or regulated under Chapter 9 except as

provided in section 9-632. No manufacturer-distributor or employee, agent, or spouse of any manufacturer-distributor shall play in any lottery conducted by any county, city, or village or participate in the conduct or operation of any lottery conducted by any county, city, or village or any other kind of gambling activity which is authorized or regulated under Chapter 9 except to the exclusive extent of his or her statutory duties as a licensed manufacturer-distributor and as provided in sections 9-233-01, 9-235, 9-330, 9-332 and sections 55 and 57 of this act.

Sec. 112. That section 9-642, Revised Statutes Supplement, 1993, be amended to read as follows:

9-642. (1) No sole proprietor, partner in a partnership, member in a limited liability company, officer or director of a corporation, or individual with a substantial interest in a sole proprietorship, partnership, or corporation applying for a lottery operator license or licensed as a lottery operator shall be connected with or interested in, directly or indirectly, any person, partnership, limited liability company, firm, corporation, or other party licensed as a distributor, manufacturer, or manufacturer-distributor under section 9-233-01, 9-235, 9-330, 9-332, or 9-632 or section 55 or 57 of this act.

(2) No member of the governing board or governing official of a county, city, or village shall be connected with or interested in, directly or indirectly, any lottery operator with whom the county, city, or village contracts to conduct its lottery or any manufacturer-distributor.

Sec. 113. That section 9-701, Revised Statutes Supplement, 1993, be amended to read as follows:

9-701. (1) For purposes of this section:

(a) Gift enterprise shall mean a contest, game of chance, or game promotion which is conducted within the state or throughout the state and other states in connection with the sale of consumer or trade products or services solely as business promotions and in which the elements of chance and prize are present. Gift enterprise shall not include any scheme using the game of bingo or keno; any non-telecommunication-related, player-activated electronic or electromechanical facsimile of any game of chance; or any slot machine of any kind. A gift enterprise shall not utilize pickle cards as defined in section 9-315. Promotional game tickets may be utilized subject to the following:

(i) The tickets utilized shall be manufactured or imprinted with the name of the operator on each ticket;

(ii) The tickets utilized shall not be manufactured with a cost per play printed on them; and

(iii) The tickets utilized shall not be substantially similar to any type of pickle card approved by the Department of Revenue pursuant to section 9-332.01; and

(b) Operator shall mean any person, firm, corporation, association, governmental entity, or agent or employee thereof who promotes, operates, or conducts a gift enterprise. Operator shall not include any nonprofit organization or any agent or employee thereof.

(2) Any operator may conduct a gift enterprise within this state in accordance with this section.

(3) An operator shall not:

(a) Design, engage in, promote, or conduct a gift enterprise in connection with the promotion or sale of consumer products or services in which the winner may be unfairly predetermined or the game may be manipulated or rigged;

(b) Arbitrarily remove, disqualify, disallow, or reject any entry;

(c) Fail to award prizes offered;

(d) Print, publish, or circulate literature or advertising material used in connection with such gift enterprise which is false, deceptive, or misleading; or

(e) Require an entry fee, a payment or promise of payment of any valuable consideration, or any other consideration as a condition of entering a gift enterprise or winning a prize from the gift enterprise, except that a contest, game of chance, or business promotion may require, as a condition of participation, evidence of the purchase of a product or service as long as the purchase price charged for such product or service is not greater than it would have been without the contest, game of chance, or business promotion. For purposes of this section, consideration shall not include (i) filling out an entry blank, (ii) entering by mail with the purchase of postage at a cost no greater than the cost of postage for a first-class letter weighing one ounce or less, or (iii) entering by a telephone call to the operator of or for the gift enterprise at a cost no greater than the cost of postage for a first-class letter weighing one ounce or less. When the only method of entry

is by telephone, the cost to the entrant of the telephone call shall not exceed the cost of postage for a first-class letter weighing one ounce or less for any reason, including (A) whether any communication occurred during the call which was not related to the gift enterprise or (B) the fact that the cost of the call to the operator was greater than the cost to the entrant allowed under this section.

(4)(a) The Department of Revenue may adopt and promulgate rules and regulations necessary to carry out the operation of gift enterprises.

(b) Whenever the department has reason to believe that a gift enterprise is being operated in violation of this section or the department's rules and regulations, it may bring an action in the district court of Lancaster County in the name of and on behalf of the people of the State of Nebraska against the operator of the gift enterprise to enjoin the continued operation of such gift enterprise anywhere in the state.

(5)(a) Any person, firm, corporation, association, or agent or employee thereof who engages in any unlawful acts or practices pursuant to this section or violates any of the rules and regulations promulgated pursuant to this section shall be guilty of a Class II misdemeanor.

(b) Any person, firm, corporation, association, or agent or employee thereof who violates any provision of this section or any of the rules and regulations promulgated pursuant to this section shall be liable to pay a civil penalty of not more than one thousand dollars imposed by the district court of Lancaster County for each such violation which shall accrue to the permanent school fund. Each day of continued violation shall constitute a separate offense or violation for purposes of this section.

(6) In all proceedings initiated in any court or otherwise under this section, the Attorney General or appropriate county attorney shall prosecute and defend all such proceedings.

(7) This section shall not apply to any activity authorized and regulated under the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, or the Nebraska Small Lottery and Raffle Act.

Sec. 114. That section 9-801, Revised Statutes Supplement, 1993, be amended to read as follows:

9-801. Sections 9-801 to 9-841 and sections 117 and 118 of this act shall be known and may be cited as the State Lottery Act.

Sec. 115. That section 9-803, Revised Statutes Supplement, 1993, be amended to read as follows:

9-803. For purposes of the State Lottery Act:

- (1) Deputy director shall mean the Deputy Director of the Lottery Division;
- (2) Director shall mean the Director of the Lottery Division;
- (3) Division shall mean the Lottery Division of the Department of Revenue;
- (4) Lottery contractor shall mean a lottery vendor or lottery game retailer with whom the division has contracted for the purpose of providing goods or services for the state lottery;
- (5) Lottery game shall mean any variation of the following types of games:

(a) An instant-win game in which disposable tickets contain certain preprinted winners which are determined by rubbing or scraping an area or areas on the tickets to match numbers, letters, symbols, or configurations, or any combination thereof, as provided by the rules of the game. An instant-win game may also provide for preliminary and grand prize drawings conducted pursuant to the rules of the game. An instant-win game shall not include the use of any pickle card as defined in section 9-315; and

(b) An on-line lottery game in which a lottery game is lottery game retailer terminals are hooked up to a central computer via a telecommunications system through which (i) a player selects a specified group of numbers or symbols out of a predetermined range of numbers or symbols and purchases a ticket bearing the player-selected numbers or symbols for eligibility in a drawing regularly scheduled in accordance with game rules or (ii) a player purchases a ticket bearing randomly selected numbers for eligibility in a drawing regularly scheduled in accordance with game rules.

Lottery game shall not be construed to mean any video lottery game;

(6) Lottery game retailer shall mean a person who contracts with or seeks to contract with the division to sell tickets in lottery games to the public;

(7) Lottery vendor shall mean any person who submits a bid, proposal, or offer as part of a major procurement;

(8) Major procurement shall mean any procurement or contract for the purchase or lease of goods or services unique to or used primarily for the

operation of the state lottery in excess of fifteen thousand dollars, including the printing of tickets, the provision of terminals and other computer equipment, and transportation, accounting, consulting, and advertising services; and

(9) Ticket or lottery ticket shall mean any tangible evidence authorized by the division to prove participation in a lottery game.

Sec. 116. That section 9-809, Revised Statutes Supplement, 1993, be amended to read as follows:

9-809. (1) The books, records, funds, and accounts of the division shall be audited at least annually by or under the direction of the Auditor of Public Accounts who shall submit a report of the audit to the Governor and the Legislature. The expenses of the audit shall be paid from the State Lottery Operation ~~Trust~~ Cash Fund.

(2) The Tax Commissioner shall make an annual written report by ~~December~~ November 1 of each year to the Governor and the Legislature, which report shall include a summary of the activities of the division for the previous fiscal year through June 30, a statement detailing lottery revenue, prize disbursements, expenses of the division, and allocation of remaining revenue, and any recommendations for change in the statutes which the Tax Commissioner deems necessary or desirable. The report shall be a public record.

Sec. 117. The Tax Commissioner may apply to the Director of Administrative Services and the Auditor of Public Accounts to establish and maintain a Lottery Investigation Petty Cash Fund. The money used to initiate and maintain the fund shall be drawn solely from the State Lottery Operation Cash Fund. The Tax Commissioner shall determine the amount of money to be held in the Lottery Investigation Petty Cash Fund, consistent with carrying out the duties and responsibilities of the division but not to exceed five thousand dollars for the entire division. This restriction shall not apply to funds otherwise appropriated to the State Lottery Operation Cash Fund for investigative purposes. When the Director of Administrative Services and the Auditor of Public Accounts have approved the establishment of the Lottery Investigation Petty Cash Fund, a voucher shall be submitted to the Department of Administrative Services accompanied by such information as the department may require for the establishment of the fund. The Director of Administrative Services shall issue a warrant for the amount specified and deliver it to the division. The fund may be replenished as necessary, but the total amount in the fund shall not exceed ten thousand dollars in any fiscal year. The fund shall be audited by the Auditor of Public Accounts.

Any prize amounts won, less any investigative expenditures, by department personnel with funds drawn from the Lottery Investigation Petty Cash Fund or reimbursed from the State Lottery Operation Cash Fund shall be deposited into the Lottery Investigation Petty Cash Fund.

For the purpose of establishing and maintaining legislative oversight and accountability, the Department of Revenue shall maintain records of all expenditures, disbursements, and transfers of cash from the Lottery Investigation Petty Cash Fund.

By September 15 of each year, the department shall report to the budget division of the Department of Administrative Services and to the Legislative Fiscal Analyst the unexpended balance existing on June 30 of the previous fiscal year relating to investigative expenses in the Lottery Investigation Petty Cash Fund and any funds existing on June 30 of the previous fiscal year in the possession of division personnel involved in investigations. Any money in the fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to 72-1276.

Sec. 118. The division may endorse and sell for profit tangible personal property related to the lottery. Any money received as profit by the division pursuant to this section shall be remitted to the State Treasurer for credit to the State Lottery Operation Trust Fund to be distributed to the Education Innovation Fund, the Solid Waste Landfill Closure Assistance Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund pursuant to the requirements of section 9-812.

Sec. 119. That section 9-812, Revised Statutes Supplement, 1993, be amended to read as follows:

9-812. (1) All money received from the operation of lottery games conducted pursuant to the State Lottery Act in Nebraska shall be deposited in the State Lottery Operation Trust Fund, which fund is hereby created. All payments of expenses of the operation of the lottery games shall be made from the State Lottery Operation ~~Trust~~ Cash Fund. In ~~7~~ except that in accordance with legislative appropriations, money for payments for internal operating expenses of the division shall be transferred from the State Lottery Operation

Trust Fund to the State Lottery Operation Revolving Cash Fund, which fund is hereby created. All money necessary for the payment of lottery prizes shall be transferred from the State Lottery Operation Trust Fund to the State Lottery Prize Trust Fund, which fund is hereby created. The amount used for the payment of lottery prizes shall not be less than forty percent of the dollar amount of the lottery tickets which have been sold. Of the money remaining after the payment of prizes and operating expenses, the State Treasurer shall transfer from the State Lottery Operation Trust Fund to the General Fund an amount equal to the initial appropriation to the State Lottery Operation Trust Fund with interest at the rate specified in section 45-104.02, as such rate may from time to time be adjusted. After the General Fund is repaid, at least twenty-five percent of the dollar amount of the lottery tickets which have been sold on an annualized basis shall be transferred to the Education Innovation Fund, the Solid Waste Landfill Closure Assistance Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund. Forty-nine and one-half percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Education Innovation Fund. Beginning on July 15, 1993, and continuing through July 1, 1997, twenty-four and one-half percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Solid Waste Landfill Closure Assistance Fund and twenty-five percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Nebraska Environmental Trust Fund to be used as provided in the Nebraska Environmental Trust Act. After July 1, 1997, forty-nine and one-half percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Nebraska Environmental Trust Fund to be used as provided in the Nebraska Environmental Trust Act. One percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Compulsive Gamblers Assistance Fund to be used as provided in subsection (4) of this section.

(2) The Education Innovation Fund is hereby created. Each fiscal year beginning with fiscal year 1994-95, at least seventy-five percent of the lottery proceeds allocated to the Education Innovation Fund shall be available for disbursement. The Education Innovation Fund shall be allocated by the Governor through incentive grants to encourage the development of strategic school improvement plans by school districts for accomplishing high performance learning and to encourage schools to establish innovations in programs or practices that result in restructuring of school organization, school management, and instructional programs which bring about improvement in the quality of education. Such grants are intended to provide selected school districts, teachers or groups of teachers, nonprofit educational organizations, educational service units, or cooperatives funding for the allowable costs of implementing pilot projects and model programs.

Minigrants shall be available to school districts to support the development of strategic school improvement plans which shall include statements of purposes and goals for the districts. The plans shall also include the specific statements of improvement or strategic initiatives designed to improve quality learning for every student.

Major competitive grants shall be available to support innovative programs which are directly related to the strategic school improvement plans. The development of a strategic school improvement plan by a school district shall be required before a grant is awarded. Annual reports shall be made by program recipients documenting the effectiveness of the program in improving the quality of education as designed in the strategic school improvement plans. Special consideration shall be given to plans which contain public or private matching funds and cooperative agreements, including agreements for in-kind services. Purposes for which incentives would be offered shall include:

- (a) Professional staff development programs to provide funds for teacher and administrator training and continuing education to upgrade teaching and administrative skills;
- (b) The development of strategic school improvement plans by school districts;
- (c) Educational technology assistance to public schools for the purchase and operation of computers, telecommunications equipment and services, and other forms of technological innovation which may enhance classroom teaching, instructional management, and districtwide administration. Such telecommunications equipment, services, and forms of technical innovation shall be approved by the State Department of Education in consultation with the Department of Administrative Services to insure compatibility of technologies and compliance with statewide priorities;
- (d) An educational accountability program to develop an educational

indicators system to measure the performance and outcomes of public schools and to ensure efficiency in operations;

(e) Alternative programs for students, including underrepresented groups, at-risk students, and dropouts;

(f) Programs that demonstrate improvement of student performance against valid national and international achievement standards;

(g) Early childhood education and parent education which emphasize child development;

(h) Programs using decisionmaking models that increase involvement of parents, teachers, and students in school management;

(i) Increased involvement of the community in order to achieve increased confidence in and satisfaction with its schools;

(j) Development of magnet or model programs designed to facilitate desegregation;

(k) Programs that address family and social issues impairing the learning productivity of students;

(l) Programs enhancing critical and higher-order thinking capabilities;

(m) Programs which produce the quality of education necessary to guarantee a competitive work force;

(n) Programs designed to increase productivity of staff and students through innovative use of time; and

(o) Training programs designed to benefit teachers at all levels of education by increasing their ability to work with educational technology in the classroom.

The Governor shall establish the Excellence in Education Council. The Governor shall appoint eleven members to the council including representatives of educational organizations, postsecondary educational institutions, the business community, and the general public, members of school boards and parent education associations, school administrators, and at least four teachers who are engaged in classroom teaching. The State Department of Education shall provide staff support for the council. The council shall have the following powers and duties:

(i) In consultation with the State Department of Education, develop and publish criteria for the awarding of grants for programs pursuant to this subsection;

(ii) Provide recommendations to the Governor regarding the selection of projects to be funded and the distribution and duration of project funding;

(iii) Establish standards, formats, procedures, and timelines for the successful implementation of approved programs funded by the Education Innovation Fund;

(iv) Assist school districts in determining the effectiveness of the innovations in programs and practices and measure the subsequent degree of improvement in the quality of education;

(v) Consider the reasonable distribution of funds across the state and all classes of school districts; and

(vi) Provide annual reports to the Governor concerning programs funded by the fund. Each report shall include the number of applicants and approved applicants, an overview of the various programs, objectives, and anticipated outcomes, and detailed reports of the cost of each program.

To assist the council in carrying out its duties, the State Board of Education shall, in consultation with the council, adopt and promulgate rules and regulations establishing criteria, standards, and procedures regarding the selection and administration of programs funded from the Education Innovation Fund.

(3) Recipients of grants from the Education Innovation Fund shall be required to provide, upon request, such data relating to the funded programs and initiatives as the Governor deems necessary.

(4) The Compulsive Gamblers Assistance Fund is hereby created. The fund shall be administered by the Director of the Division on Compulsive Gambling to carry out the purposes of sections 9-804.01 to 9-804.05.

(5) Any money in the State Lottery Operation Trust Fund, the State Lottery Operation Revolving Cash Fund, the State Lottery Prize Trust Fund, the Education Innovation Fund, or the Compulsive Gamblers Assistance Fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to 72-1276. Any money in the State Lottery Operation Revolving Fund on the operative date of this section shall be transferred to the State Lottery Operation Cash Fund on such date.

(6) Unclaimed prize money on a winning lottery ticket shall be retained for a period of time prescribed by rules and regulations. If no claim is made within such period, the prize money shall be used at the discretion of the Tax Commissioner for any of the purposes prescribed in this

section.

Sec. 120. That section 9-814, Revised Statutes Supplement, 1993, be amended to read as follows:

9-814. (1) It shall be a Class II misdemeanor for a lottery game retailer to fail to separate and keep separate all money received from the sale of lottery tickets less the amount, if any, retained as compensation for the sale of lottery tickets and less the amount, if any, paid in prizes or to fail to make available to the division all records pertaining to separate accounts maintained for revenue derived from the sale of lottery tickets.

(2) It shall be a Class II misdemeanor for any lottery game retailer or his or her employee to knowingly sell a lottery ticket to any person under nineteen years of age.

(3) It shall be a Class IV misdemeanor for a person under nineteen years of age to knowingly purchase a lottery ticket under the State Lottery Act.

(4) It shall be a Class I misdemeanor for any person to sell lottery tickets without holding a valid contract with the division to sell such tickets.

(5) ~~(4)~~ It shall be a Class I misdemeanor for a lottery game retailer to sell lottery tickets at any price other than that established by the division.

(6) ~~(5)~~ It shall be a Class I misdemeanor to release any information obtained through a background investigation performed by the division without the prior written consent of the subject of the investigation except as provided in subdivision (3)(d) of section 9-808.

(7) ~~(6)~~ It shall be a Class III felony to alter or attempt to alter a lottery ticket for the purpose of defrauding a lottery game conducted pursuant to the State Lottery Act.

(8) ~~(7)~~ It shall be a Class IV felony to falsify information provided to the division for purposes of applying for a contract with the division or for purposes of completing a background investigation pursuant to the act.

Sec. 121. That section 9-826, Revised Statutes Supplement, 1993, be amended to read as follows:

9-826. A contract may be awarded to an applicant to operate as a lottery game retailer only after the director finds all of the following:

(1) The applicant is at least nineteen years of age;

(2) The applicant has not been convicted of a felony or misdemeanor involving gambling, moral turpitude, dishonesty, or theft and the applicant has not been convicted of any other felony within ten years preceding the date such applicant applies for a contract;

(3) The applicant has not been convicted of a violation of the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, the State Lottery Act, or Chapter 28, article 11;

(4) The applicant has not previously had a license revoked or denied under the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, the State Lottery Act, or Chapter 28, article 11;

(5) The applicant has not had a license or contract to sell tickets for a lottery in another jurisdiction revoked by the authority regulating such lottery or by a court of such jurisdiction;

(6) The applicant has demonstrated financial responsibility, as determined in rules and regulations of the division, sufficient to meet the requirements of a lottery game retailer;

(7) The applicant is the true owner of the business or activity and the outlet at which tickets will be sold and all All persons holding at least a ten percent ownership interest in the applicant's business or activity have been disclosed;

(8) The applicant has been in substantial compliance with Nebraska tax laws as determined by the director based on the severity of any possible violation for the five years prior to applying, is not delinquent in the payment of any Nebraska taxes at the time of application, and is in compliance with Nebraska tax laws at the time of application; and

(9) The applicant has not knowingly made a false statement of material fact to the director.

For purposes of this section, applicant shall include the entity seeking the contract and every sole proprietor, partner in a partnership, member in a limited liability company, officer of a corporation, shareholder owning in the aggregate ten percent or more of the stock of a corporation, and

governing officer of an organization or political subdivision.

Sec. 122. That section 9-832, Revised Statutes Supplement, 1993, be amended to read as follows:

9-832. The director may refuse to award a contract to any applicant and may terminate the contract of or initiate an administrative action to levy a fine against a lottery game retailer who violates any provision of the State Lottery Act or any rule or regulation adopted pursuant to the act. A fine may be levied against a lottery game retailer by the Tax Commissioner and shall not exceed one thousand dollars per violation. In determining whether to impose a fine and the amount of the fine if any fine is imposed, the director Tax Commissioner shall take into consideration the seriousness of the violation and the extent to which the lottery game retailer derived financial gain as a result of the violation. All money collected by the division as a fine shall be remitted on a monthly basis to the State Treasurer for credit to the permanent school fund. Any fine imposed by the director Tax Commissioner and unpaid shall constitute a debt to the State of Nebraska which may be collected by lien foreclosure or sued for and recovered in any proper form of action, in the name of the State of Nebraska, in the district court of the county in which the violator resides or owns property. If the director decides to terminate a contract or initiate an administrative action to levy a fine, the aggrieved party shall be entitled to a hearing before the Tax Commissioner or his or her designee by filing a written request with the Tax Commissioner within ten days after notification of the director's intention to terminate a contract or initiate an administrative action to levy a fine. Upon receipt of such request, the Tax Commissioner shall set a hearing date which shall be within thirty days of receipt of the request and shall notify the aggrieved party, in writing, of the time and place for the hearing. Such notice shall be given as soon as the date is set and at least seven days in advance of the hearing date. The Tax Commissioner or his or her designee may stay the termination of a contract pending the outcome of the hearing if so requested by the aggrieved party at the time of filing the written request for hearing.

The Tax Commissioner may affirm, reverse, or modify the action of the director. The order or decision of the Tax Commissioner may be appealed to the district court of Lancaster County in the manner prescribed in section 9-821.

Sec. 123. That section 9-834, Revised Statutes Supplement, 1993, be amended to read as follows:

9-834. (1) To enable the division to review and evaluate the competence, integrity, background, character, and nature of the ownership and control of lottery vendors for major procurements, such vendors shall disclose the following information:

(a) The lottery vendor's name, address, and type of business entity and, as applicable, the name and address of the following:

(i) If the lottery vendor is a corporation, the officers, directors, and each stockholder in the corporation, except that in the case of stockholders of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own or have a beneficial interest in five percent or more of such securities need to be disclosed;

(ii) If the lottery vendor is a trust, the trustee and all persons entitled to receive income or benefit from the trust;

~~(iii) If the lottery vendor is an association, the members, officers, and directors;~~

~~(iv) If the lottery vendor is a subsidiary, the officers, directors, and each stockholder of the parent corporation, except that in the case of stockholders of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own or have a beneficial interest in five percent or more of such securities need to be disclosed;~~

~~(v) If the lottery vendor is a limited liability company, the members;~~

~~(vi) If the lottery vendor is a partnership or joint venture, the general partners, limited partners, or joint venturers;~~

~~(vii) If the parent company, general partner, limited partner, or joint venturer of the lottery vendor is itself a corporation, trust, association, subsidiary, partnership, limited liability company, or joint venture, all the information required in subdivision (a) of this subsection shall be disclosed for such other entity as if it were itself a lottery vendor so that full disclosure of ultimate ownership is achieved;~~

~~(viii) If any parent, child, brother, sister, or spouse of the lottery vendor is involved in the vendor's business in any capacity, all of~~

the information required in subdivision (a) of this subsection shall be disclosed for such family member as if he or she was a lottery vendor; and

~~(ix)~~ (viii) If the lottery vendor subcontracts any substantial portion of the work to be performed to a subcontractor, all of the information required in subdivision (a) of this subsection shall be disclosed for each subcontractor as if it were itself a lottery vendor;

(b) The place of the lottery vendor's incorporation, if any;

~~(c) The states in which the lottery vendor is qualified to do business and the nature of any business done in each state;~~

~~(d)~~ (d) The name, address, and telephone number of a resident agent to contact regarding matters of the lottery vendor and for service of process;

~~(e)~~ (e) The name, address, and telephone number of each attorney and law firm representing the lottery vendor in this state;

~~(f)~~ (f) The name, address, and telephone number of each of the lottery vendor's accountants;

~~(g)~~ (g) The name, address, and telephone number of each attorney, law firm, accountant, accounting firm, public relations firm, consultant, sales agent, or other person engaged by the lottery vendor or involved in aiding the vendor's efforts to obtain the contract and the procurement involved at the time of disclosure or during the prior year;

~~(h)~~ (h) The states and jurisdictions in which the lottery vendor does business or and the nature of the business for each such state or jurisdiction;

~~(i)~~ (i) The states and jurisdictions in which the lottery vendor has contracts to supply goods or services related to lottery games and the nature of the business or the goods or services involved for each such state or jurisdiction;

~~(j)~~ (j) The states and jurisdictions in which the lottery vendor has applied for, sought renewal of, received, been denied, or had revoked a gaming contract or license of any kind, and the status of such application, contract, or license in each state or jurisdiction. If any gaming contract or license has been revoked or has not been renewed or if any gaming contract or license application either has been denied or is pending and has remained pending for more than six months, all of the facts and circumstances underlying the failure to receive or retain such a contract or license shall be disclosed. For purposes of this subdivision, gaming contract or license shall mean a contract or license for the conduct of or any activity related to the operation of any lottery game or other gambling scheme;

~~(k)~~ (k) The details of any conviction or judgment of any state or federal court against the lottery vendor relating to any felony and any other criminal offense other than a traffic violation;

~~(l)~~ (l) The details of any bankruptcy, insolvency, reorganization, or pending litigation involving the lottery vendor;

~~(m)~~ (m) The identity of any entity with which the lottery vendor has a joint venture or other contractual agreement to supply any state or jurisdiction with goods or services related to lottery games, including, with regard to such entity, all the information requested under subdivisions (a) through ~~(i)~~ (j) of this subsection;

~~(n)~~ (n) The lottery vendor's financial statements for the three years prior to disclosure;

~~(o)~~ (o) At the director's request, the lottery vendor's federal and state income tax returns for the three years prior to disclosure. Such information shall be considered confidential in any review in conjunction with any pending major procurement and shall not be disclosed except pursuant to appropriate judicial order;

~~(p)~~ (p) The identity and nature of any interest known to the lottery vendor of any past or present director or other employee of the division who, directly or indirectly, is an officer, director, member, agent, consultant, independent contractor, stockholder, debt holder, principal, or employee of or who has any direct or indirect financial interest in any lottery vendor. For purposes of this subdivision, financial interest shall mean ownership of any interest or involvement in any relationship from which or as a result of which a person within the five years prior to disclosure has received, is receiving at the time of disclosure, or in the future will be entitled to receive over a five-year period more than one thousand dollars or its equivalent; and

~~(q)~~ (q) Such additional disclosures and information as the Tax Commissioner may determine to be appropriate for the major procurement involved.

(2) The disclosures required by subsection (1) of this section may be required only once of a lottery vendor. The vendor shall file an addendum to the original filing by August 1 of each year showing any changes from the original filing or the latest addendum.

(3) No contract shall be approved by the Tax Commissioner or signed or entered into by the director unless the lottery vendor has complied with this section. Any contract entered into with a vendor who has not complied with this section shall be void.

(4) If a contract is to be entered into as a result of competitive procurement procedures, the required disclosures, if not already on file with the director, shall be made prior to or concurrent with the submission of a bid, proposal, or offer. If the contract is entered into without a competitive procurement procedure, such disclosures shall be required prior to execution of the contract.

(5) No major procurement with any lottery vendor shall be entered into if any person with a substantial interest in the lottery vendor has been convicted of a felony or misdemeanor involving gambling, moral turpitude, dishonesty, or theft. No major procurement with any lottery vendor shall be entered into if any person with a substantial interest in the lottery vendor has been convicted of any other felony within ten years preceding the date of submission of information required under this section. For purposes of this subsection, person with a substantial interest shall mean any sole proprietor, partner in a partnership, member of a limited liability company, officer of a corporation, shareholder owning in the aggregate ten percent or more of the stock in a corporation, or governing officer of an organization or other entity.

(6) This section shall be construed broadly and liberally to achieve the end of full disclosure of all information necessary to allow for a full and complete evaluation by the director of the competence, integrity, background, character, and nature of the ownership and control of lottery vendors for major procurements.

Sec. 124. Sections 1 to 108, 110 to 113, and 126 of this act shall become operative on October 1, 1994. Sections 116, 119, 124, 127, and 128 of this act shall become operative on their effective date. The other sections of this act shall become operative three calendar months after adjournment of this legislative session.

Sec. 125. That original sections 9-629, 9-801, 9-803, 9-814, 9-826, 9-832, and 9-834, Revised Statutes Supplement, 1993, are repealed.

Sec. 126. That original sections 9-201 to 9-203, 9-206, 9-207, 9-209, 9-209.01, 9-210, 9-211, 9-212, 9-214, 9-214.01, 9-217, 9-220, 9-225, 9-226.01, 9-226.02, 9-227, 9-228, 9-230, 9-233, 9-237, 9-255, 9-262.01, 9-264, 9-266, 9-301, 9-303, 9-304, 9-307, 9-309, 9-310, 9-322.01, 9-324, 9-327 to 9-329, 9-330, 9-331, 9-332, 9-334, 9-335, 9-336, 9-340, 9-342, 9-344, 9-345.01, 9-346, 9-347, 9-348, 9-348.01, 9-349, 9-356, 9-401, 9-403, 9-404, 9-407, 9-408, 9-409, 9-418, 9-418.02, 9-420, 9-424, 9-425, 9-427, 9-429, and 9-508, Reissue Revised Statutes of Nebraska, 1943, and sections 9-1,101, 9-1,104, 9-204, 9-226, 9-315, 9-322, 9-329.01, 9-329.02, 9-632, 9-639, 9-642, and 9-701, Revised Statutes Supplement, 1993, and also sections 9-218, 9-219, 9-221, 9-222, 9-223, 9-232, 9-233.01 to 9-235, 9-235.02, 9-235.03, 9-238, 9-242 to 9-254, and 9-256 to 9-261, Reissue Revised Statutes of Nebraska, 1943, and section 9-235.01, Revised Statutes Supplement, 1993, are repealed.

Sec. 127. That original sections 9-809 and 9-812, Revised Statutes Supplement, 1993, are repealed.

Sec. 128. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.