## LEGISLATURE OF NEBRASKA ONE HUNDRED EIGHTH LEGISLATURE

## FIRST SPECIAL SESSION

## **LEGISLATIVE BILL 13**

Introduced by Bostar, 29.

Read first time July 25, 2024

## Committee:

1 A BILL FOR AN ACT relating to gambling and the Constitution of Nebraska; 2 to amend sections 9-1204 and 49-202.01, Reissue Revised Statutes of 3 Nebraska; section 9-1103, Revised Statutes Supplement, 2023; and 4 section 9-1110, Revised Statutes Supplement, 2023, as amended by Laws 2024, LB1317, section 49; to define and redefine terms; to 5 6 authorize an authorized gaming operator to conduct sports wagering 7 by means of an online sports wagering platform under the Nebraska 8 Racetrack Gaming Act as prescribed; to change provisions for the 9 distribution of taxes collected from sports wagering; to change requirements relating to proposals for constitutional amendments 10 submitted by the Legislature; to provide operative dates; to provide 11 12 severability; to repeal the original sections; and to declare an 13 emergency.

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

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1 Section 1. Section 9-1103, Revised Statutes Supplement, 2023, is

- 2 amended to read:
- 3 9-1103 For purposes of the Nebraska Racetrack Gaming Act:
- 4 (1) Authorized gaming operator means a person or entity licensed
- 5 pursuant to the act to operate games of chance within a licensed
- 6 racetrack enclosure;
- 7 (2) Authorized gaming operator license means a license to operate
- 8 games of chance as an authorized gaming operator at a licensed racetrack
- 9 enclosure;
- 10 (3)(a) Except as otherwise provided in subdivision (b) of this
- 11 subdivision, authorized sporting event means a professional sporting
- 12 event, a collegiate sporting event, an international sporting event, a
- 13 professional motor race event, a professional sports draft, an individual
- 14 sports award, an electronic sport, or a simulated game; and
- 15 (b) Authorized sporting event does not include an instate collegiate
- 16 sporting event in which an instate collegiate or university team is a
- 17 participant, a parimutuel wager, a fantasy sports contest, a minor league
- 18 sporting event, a sporting event at the high school level or below
- 19 regardless of the age of any individual participant, or any sporting
- 20 event excluded by the commission;
- 21 (4) Collegiate sporting event means an athletic event or competition
- 22 of an intercollegiate sport played at the collegiate level for which
- 23 eligibility requirements for participation by a student athlete are
- 24 established by a national association for the promotion or regulation of
- 25 collegiate athletics;
- 26 (5) Commission means the State Racing and Gaming Commission;
- 27 (6) Designated sports wagering area means an area, as approved by
- 28 the commission, in which sports wagering is conducted;
- 29 (7) Game of chance means any game which has the elements of chance,
- 30 prize, and consideration, including any wager on a slot machine, table
- 31 game, counter game, or card game, a keno lottery conducted in accordance

1 with the Nebraska County and City Lottery Act, or sports wagering. Game

- 2 of chance does not include any game the operation of which is prohibited
- 3 at a casino by federal law;
- 4 (8) Gaming device means an electronic, mechanical, or other device
- 5 which plays a game of chance when activated by a player using currency, a
- 6 token, or other item of value;
- 7 (9) International sporting event means an international team or
- 8 individual sporting event governed by an international sports federation
- 9 or sports governing body, including sporting events governed by the
- 10 International Olympic Committee and the International Federation of
- 11 Association Football;
- 12 (10) Licensed racetrack enclosure means all real property licensed
- 13 and utilized for the conduct of a race meeting, including the racetrack
- 14 and any grandstand, concession stand, office, barn, barn area, employee
- 15 housing facility, parking lot, and additional area designated by the
- 16 commission in accordance with the Constitution of Nebraska and applicable
- 17 Nebraska law;
- 18 (11) Limited gaming device means an electronic gaming device which
- 19 (a) offers games of chance, (b) does not dispense currency, tokens, or
- 20 other items of value, and (c) does not have a cash winnings hopper,
- 21 mechanical or simulated spinning reel, or side handle;
- 22 (12) Online sports wagering platform means an integrated system of
- 23 hardware, software, or applications through which an authorized gaming
- 24 operator or its platform provider operates, conducts, or offers sports
- 25 wagering through the Internet to persons located within the State of
- 26 Nebraska;
- 27 (13) Platform provider means a sports wagering vendor that contracts
- 28 with an authorized gaming operator to provide an online sports wagering
- 29 platform;
- 30 (14) (12) Prohibited participant means any individual whose
- 31 participation may undermine the integrity of the wagering or the sporting

- 1 event or any person who is prohibited from sports wagering for other good
- 2 cause shown as determined by the commission, including, but not limited
- 3 to: (a) Any individual placing a wager as an agent or proxy; (b) any
- 4 person who is an athlete, a coach, a referee, or a player in any sporting
- 5 event overseen by the sports governing body of such person based on
- 6 publicly available information; (c) a person who holds a paid position of
- 7 authority or influence sufficient to exert influence over the
- 8 participants in a sporting event, including, but not limited to, any
- 9 coach, manager, handler, or athletic trainer, or a person with access to
- 10 certain types of exclusive information, on any sporting event overseen by
- 11 the sports governing body of such person based on publicly available
- 12 information; or (d) a person identified as prohibited from sports
- 13 wagering by any list provided by a sports governing body to the
- 14 commission;
- 15 <u>(15)</u> Racing license means a license issued for a licensed
- 16 racetrack enclosure by the commission; and
- 17 (16) (14) Sports wagering means the acceptance of wagers on an
- 18 authorized sporting event by any system of wagering as authorized by the
- 19 commission. Sports wagering does not include (a) placing a wager on the
- 20 performance or nonperformance of any individual athlete participating in
- 21 a single game or match of a collegiate sporting event in which a
- 22 collegiate team from this state is participating, (b) placing an in-game
- 23 wager on any game or match of a collegiate sporting event in which a
- 24 collegiate team from this state is participating, (c) placing a wager on
- 25 the performance or nonperformance of any individual athlete under
- 26 eighteen years of age participating in a professional or international
- 27 sporting event, or (d) placing a wager on the performance of athletes in
- 28 an individual sporting event excluded by the commission.
- 29 Sec. 2. Section 9-1110, Revised Statutes Supplement, 2023, as
- 30 amended by Laws 2024, LB1317, section 49, is amended to read:
- 31 9-1110 (1)(a)(1) The commission may permit an authorized gaming

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operator to conduct sports wagering. All sports wagering shall be 1 2 conducted by an authorized gaming operator located within a licensed racetrack enclosure or in partnership with such authorized gaming 3 4 operator pursuant to subdivision (1)(b) of this section. Any sports wager 5 shall be placed (i) in person or at a wagering kiosk in the designated 6 sports wagering area at the licensed racetrack enclosure or (ii) by means 7 of an online sports wagering platform that is offered by or in partnership with an authorized gaming operator by an individual that is 8 9 located in the State of Nebraska. A parimutuel wager in accordance with 10 sections 2-1201 to 2-1218 may be placed in the designated sports wagering area at the licensed racetrack enclosure. An individual employed and 11 12 authorized to accept a sports wager may also accept a parimutuel wager.

(b)(i) An authorized gaming operator may conduct sports wagering by means of an online sports wagering platform or may contract with up to one platform provider for purposes of providing sports wagering. A vendor that does not have a contract with an authorized gaming operator to conduct sports wagering by means of an online sports wagering platform shall not be permitted to conduct sports wagering in the State of Nebraska. Any sports wagering conducted by means of an online sports wagering platform shall conform to all requirements relating to sports wagering pursuant to the Nebraska Racetrack Gaming Act and any rules or regulations adopted and promulgated pursuant to the act.

23 (ii) An authorized gaming operator or a vendor that has contracted 24 with an authorized gaming operator shall submit controls to the 25 commission for approval in a manner prescribed by the commission relating to any online sports wagering platform that the authorized gaming 26 27 operator or the vendor intends to use to conduct sports wagering by means 28 of an online sports wagering platform. No authorized gaming operator or vendor shall conduct sports wagering by means of an online sports 29 wagering platform until the controls for such online sports wagering 30 31 platform are approved by the commission.

- 1 (2) A floor plan identifying the designated sports wagering area,
- 2 including the location of any wagering kiosks, shall be filed with the
- 3 commission for review and approval. Modification to a previously approved
- 4 plan must be submitted for approval at least ten days prior to
- 5 implementation. The area shall not be accessible to persons under twenty-
- 6 one years of age and shall have a sign posted to restrict access.
- 7 Exceptions to this subsection must be approved in writing by the
- 8 commission.
- 9 (3) The authorized gaming operator shall submit controls for
- 10 approval by the commission, that include the following for operating the
- 11 designated sports wagering area:
- 12 (a) Specific procedures and technology partners to fulfill the
- 13 requirements set forth by the commission;
- (b) Other specific controls as designated by the commission;
- 15 (c) A process to easily and prominently impose limitations or
- 16 notification for wagering parameters, including, but not limited to,
- 17 deposits and wagers; and
- 18 (d) An easy and obvious method for a player to make a complaint and
- 19 to enable the player to notify the commission if such complaint has not
- 20 been or cannot be addressed by the sports wagering operator.
- 21 (4) The commission shall develop policies and procedures to ensure a
- 22 prohibited participant is unable to place a sports wager or parimutuel
- 23 wager.
- 24 (5) Beginning on the implementation date designated by the Tax
- 25 Commissioner pursuant to subsection (1) of section 44 of this act, prior
- 26 to the winnings payment of any sports wagering winnings as defined in
- 27 section 35 of this act, an authorized gaming operator shall check the
- 28 collection system to determine if the winner has a debt or an outstanding
- 29 state tax liability as required by the Gambling Winnings Setoff for
- 30 Outstanding Debt Act. If such authorized gaming operator determines that
- 31 the winner is subject to the collection system, the operator shall deduct

- 1 the amount of debt and outstanding state tax liability identified in the
- 2 collection system from the winnings payment and shall remit the net
- 3 winnings payment of sports wagering winnings, if any, to the winner and
- 4 the amount deducted to the Department of Revenue to be credited against
- 5 such debt or outstanding state tax liability as provided in section 38 of
- 6 this act.
- 7 Sec. 3. Section 9-1204, Reissue Revised Statutes of Nebraska, is
- 8 amended to read:
- 9 9-1204 (1) Of the tax imposed by section 9-1203 on gross gaming
- 10 revenue not generated by sports wagering, seventy-five percent shall be
- 11 remitted to the State Treasurer for credit as follows: Two and one-half
- 12 percent to the Compulsive Gamblers Assistance Fund, two and one-half
- 13 percent to the General Fund, and seventy percent to the Property Tax
- 14 Credit Cash Fund. The remaining twenty-five percent of the tax shall be
- 15 remitted to the county treasurer of the county in which the licensed
- 16 racetrack enclosure is located to be distributed as follows: (a) (1) If
- 17 the licensed racetrack enclosure is located completely within an
- 18 unincorporated area of a county, the remaining twenty-five percent shall
- 19 be distributed to the county in which such licensed racetrack enclosure
- 20 is located; or (b) (2) if the licensed racetrack enclosure is located at
- 21 least partially within the limits of a city or village in such county,
- 22 one-half of the remaining twenty-five percent shall be distributed to
- 23 such county and one-half of the remaining twenty-five percent to the city
- 24 or village in which such licensed racetrack enclosure is at least
- 25 partially located.
- 26 (2)(a) The Legislature finds that Nebraska relies more heavily on
- 27 <u>local property taxes to support public education compared to other states</u>
- 28 and consistently ranks in the top ten among all states in terms of per
- 29 <u>capita property tax burden on its citizens. The Legislature further finds</u>
- 30 that is important to authorize and impose a tax upon the gross gaming of
- 31 sports wagering by means of an online sports wagering platform in order

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1 to create a property tax relief program to reduce the tax liability of

- 2 property taxes paid to support public education.
- 3 (b) The tax imposed by section 9-1203 on gross gaming revenue
- 4 generated by sports wagering shall be remitted to the State Treasurer for
- 5 <u>credit as follows: Three percent to the Compulsive Gamblers Assistance</u>
- 6 Fund, three and one-half percent to the Racing and Gaming Commission's
- 7 Racetrack Gaming Fund, three and one-half percent to the Racing and
- 8 Gaming Commission's Racing Cash Fund, and ninety percent to the Property
- 9 Tax Credit Cash Fund.
- 10 Sec. 4. Section 49-202.01, Reissue Revised Statutes of Nebraska, is
- 11 amended to read:
- 12 49-202.01 (1) When any proposal submitted by the Legislature is
- 13 placed on the ballot for a vote of the electorate of the entire state, a
- 14 statement in clear, concise language explaining the effect of a vote for
- 15 and a vote against the proposal shall be printed immediately preceding
- 16 the ballot title. Such statement shall be prepared by the Executive Board
- 17 of the Legislative Council and submitted to the Secretary of State at
- 18 least four months prior to the general election for certification to the
- 19 election commissioners and county clerks along with the ballot titles as
- 20 follows:
- 21 (a) For a proposal submitted by the Legislature during a regular
- 22 session of the Legislature, such statement shall be submitted to the
- 23 <u>Secretary of State at least four months prior to the general election;</u>
- 24 and
- 25 (b) For a proposal submitted by the Legislature during a special
- 26 session of the Legislature, such statement shall be submitted to the
- 27 Secretary of State by September 1 for the general election.
- 28 <u>(2) The</u> . Such statement shall be printed in italics and shall be so
- 29 worded as to not be intentionally an argument or likely to create
- 30 prejudice either for or against the proposal. The statement shall also be
- 31 published in italics preceding the ballot title on each proposal

- 1 published pursuant to section 49-202.
- 2 (3) (2) The <u>deadlines</u> four-month requirement prescribed in
- 3 subsection (1) of this section shall not apply to any legislative
- 4 proposal submitted to the electorate at a special election as provided in
- 5 Article XVI, section 1, of the Constitution of Nebraska.
- 6 Sec. 5. Sections 1, 2, 3, and 7 of this act become operative on
- 7 December 16, 2024. The other sections of this act become operative on
- 8 their effective date.
- 9 Sec. 6. If any section in this act or any part of any section is
- 10 declared invalid or unconstitutional, the declaration shall not affect
- 11 the validity or constitutionality of the remaining portions.
- 12 Sec. 7. Original section 9-1204, Reissue Revised Statutes of
- 13 Nebraska; section 9-1103, Revised Statutes Supplement, 2023; and section
- 14 9-1110, Revised Statutes Supplement, 2023, as amended by Laws 2024,
- 15 LB1317, section 49, are repealed.
- 16 Sec. 8. Original section 49-202.01, Reissue Revised Statutes of
- 17 Nebraska, is repealed.
- 18 Sec. 9. Since an emergency exists, this act takes effect when
- 19 passed and approved according to law.