

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 971

Introduced by Wayne, 13.

Read first time January 13, 2020

Committee:

1 A BILL FOR AN ACT relating to gambling; to amend sections 9-411, 9-431,
2 9-507, 9-510, 9-607, and 9-803, Reissue Revised Statutes of
3 Nebraska, and section 9-823, Revised Statutes Supplement, 2019; to
4 redefine a lottery to include wagers made on the outcome of an
5 authorized sporting event under the Nebraska Lottery and Raffle Act,
6 the Nebraska Small Lottery and Raffle Act, the Nebraska County and
7 City Lottery Act, and the State Lottery Act; to harmonize
8 provisions; and to repeal the original sections.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-411, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 9-411 (1) Lottery shall mean a gambling scheme in which ~~(a)~~
4 participants pay or agree to pay something of value for an opportunity to
5 win and ~~-(b)~~ winning opportunities are represented by tickets;

6 (a) Differentiated ~~differentiated~~ by sequential enumeration, ~~and (c)~~
7 winners are determined by a random drawing of the tickets or by the
8 method set forth in section 9-426.01; or ~~-~~

9 (b) Reflecting wagers made on the outcome of an authorized sporting
10 event as determined by the department. For purposes of this subdivision,
11 authorized sporting event does not include a high school or youth
12 athletic event.

13 (2) Lottery shall not include (a) any raffle as defined in section
14 9-415, (b) any gambling scheme which uses any mechanical, computer,
15 electronic, or video gaming device which has the capability of awarding
16 something of value, free games redeemable for something of value, or
17 tickets or stubs redeemable for something of value, (c) any activity
18 which is authorized or regulated under the Nebraska Bingo Act, the
19 Nebraska County and City Lottery Act, the Nebraska Pickle Card Lottery
20 Act, the Nebraska Small Lottery and Raffle Act, the State Lottery Act,
21 section 9-701, or Chapter 2, article 12, or (d) any activity which is
22 prohibited under Chapter 28, article 11.

23 Sec. 2. Section 9-431, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 9-431 Each licensed organization conducting a lottery or raffle
26 conducted pursuant to the Nebraska Lottery and Raffle Act shall have its
27 name and identification number clearly printed on each lottery or raffle
28 ticket or stub used in such lottery or raffle. No such ticket or stub
29 shall be sold unless such name and identification number is so printed
30 thereon. In addition, all lottery or raffle tickets or stubs shall bear a
31 number, which numbers shall be in sequence and clearly printed on the

1 ticket or stub.

2 Except for a ticket as defined under subdivision (1)(b) of section
3 9-411, each ~~Each~~ ticket or stub shall have an equal chance of being
4 chosen in the drawing.

5 Each ticket or stub shall be constructed of the same material, shall
6 have the same surface, and shall be substantially the same shape, size,
7 form, and weight.

8 Each licensed organization conducting a lottery or raffle shall keep
9 a record of all locations where its tickets or stubs are sold.

10 Sec. 3. Section 9-507, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 9-507 (1) Lottery shall mean a gambling scheme in which ~~(a)~~
13 participants pay or agree to pay something of value for an opportunity to
14 win and ~~;~~ ~~(b)~~ winning opportunities are represented by tickets;

15 (a) Differentiated ~~differentiated~~ by sequential enumeration and ~~;~~
16 ~~(c)~~ the winners are to be determined by a random drawing of the tickets
17 or by the method set forth in section 9-511.01; or ~~;~~ ~~and~~ ~~(d)~~ the holders
18 of the winning tickets are to receive something of value.

19 (b) Reflecting wagers made on the outcome of an authorized sporting
20 event as determined by the Department of Revenue. For purposes of this
21 subdivision, authorized sporting event does not include a high school or
22 youth athletic event; and

23 (c) Which are redeemed for something of value by the holders of the
24 winning tickets.

25 (2) Lottery shall not include (a) any raffle, (b) any gambling
26 scheme which uses any mechanical, computer, electronic, or video gaming
27 device which has the capability of awarding something of value, free
28 games redeemable for something of value, or tickets or stubs redeemable
29 for something of value, (c) any activity authorized or regulated under
30 the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the
31 Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act,

1 the State Lottery Act, section 9-701, or Chapter 2, article 12, or (d)
2 any activity prohibited under Chapter 28, article 11.

3 Sec. 4. Section 9-510, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 9-510 Any qualifying nonprofit organization may conduct a lottery
6 that has gross proceeds not greater than one thousand dollars. Except for
7 wagers made on the outcome of an authorized sporting event, each ~~Each~~
8 chance in such lottery shall have an equal likelihood of being a winning
9 chance. The gross proceeds of the lottery shall be used solely for
10 charitable or community betterment purposes, awarding of prizes, and
11 expenses. No more than one lottery shall be conducted by any qualifying
12 organization within any calendar month.

13 Sec. 5. Section 9-607, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 9-607 (1) Lottery shall mean a gambling scheme in which:

16 (a) The players pay or agree to pay something of value for an
17 opportunity to win;

18 (b) Winning opportunities are represented by tickets;

19 (c) Winners are solely determined by one of the following three ~~two~~
20 methods:

21 (i) By a random drawing of tickets differentiated by sequential
22 enumeration from a receptacle by hand whereby each ticket has an equal
23 chance of being chosen in the drawing; ~~or~~

24 (ii) By use of a game known as keno in which a player selects up to
25 twenty numbers from a total of eighty numbers on a paper ticket and a
26 computer, other electronic selection device, or electrically operated
27 blower machine which is not player-activated randomly selects up to
28 twenty numbers from the same pool of eighty numbers and the winning
29 players are determined by the correct matching of the numbers on the
30 paper ticket selected by the players with the numbers randomly selected
31 by the computer, other electronic selection device, or electrically

1 operated blower machine, except that (A) no keno game shall permit or
2 require player activation of lottery equipment and (B) the random
3 selection of numbers by the computer, other electronic selection device,
4 or electrically operated blower machine shall not occur within five
5 minutes of the completion of the previous selection of random numbers; or
6 ~~and~~

7 (iii) By wagers made on the outcome of an authorized sporting event
8 as determined by the department. For purposes of this subdivision,
9 authorized sporting event does not include a high school or youth
10 athletic event; and

11 (d) The holders of the winning paper tickets ~~are to~~ receive cash or
12 prizes redeemable for cash. Selection of a winner or winners shall be
13 predicated solely on chance except for wagers made on the outcome of an
14 authorized sporting event.

15 (2) Lottery shall not include:

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

21 (b) Any activity authorized or regulated under the Nebraska Bingo
22 Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card
23 Lottery Act, the Nebraska Small Lottery and Raffle Act, the State Lottery
24 Act, section 9-701, or Chapter 2, article 12; or

25 (c) Any activity prohibited under Chapter 28, article 11.

26 (3) Notwithstanding the requirement in subdivision (1)(c)(ii) of
27 this section that a player select up to twenty numbers, a player may
28 select more than twenty numbers on a paper ticket when a top or bottom,
29 left or right, edge, or way ticket is played. For a top or bottom ticket,
30 the player shall select all numbers from one through forty or all numbers
31 from forty-one through eighty. For a left or right ticket, the player

1 shall select all numbers ending in one through five or all numbers ending
2 in six through zero. For an edge ticket, the player shall select all of
3 the numbers comprising the outside edge of the ticket. For a way ticket,
4 the player shall select a combination of groups of numbers in multiple
5 ways on a single ticket.

6 (4) A county, city, or village conducting a keno lottery shall
7 designate the method of winning number selection to be used in the
8 lottery and submit such designation in writing to the department prior to
9 conducting a keno lottery. Only those methods of winning number selection
10 described in subdivision (1)(c)(ii) of this section shall be permitted,
11 and the method of winning number selection initially utilized may only be
12 changed once during that business day as set forth in the designation. A
13 county, city, or village shall not change the method or methods of
14 winning number selection filed with the department or allow it to be
15 changed once such initial designation has been made unless (a) otherwise
16 authorized in writing by the department based upon a written request from
17 the county, city, or village or (b) an emergency arises in which case a
18 ball draw method of number selection would be switched to a number
19 selection by a random number generator. An emergency situation shall be
20 reported by the county, city, or village to the department within twenty-
21 four hours of its occurrence.

22 Sec. 6. Section 9-803, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 9-803 For purposes of the State Lottery Act:

25 (1) Director shall mean the Director of the Lottery Division;

26 (2) Division shall mean the Lottery Division of the Department of
27 Revenue;

28 (3) Lottery contractor shall mean a lottery vendor or lottery game
29 retailer with whom the division has contracted for the purpose of
30 providing goods or services for the state lottery;

31 (4) Lottery game shall mean any variation of the following types of

1 games:

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

10 (b) An online lottery game in which lottery game retailer terminals
11 are hooked up to a central computer via a telecommunications system
12 through which (i) a player selects a specified group of numbers or
13 symbols out of a predetermined range of numbers or symbols and purchases
14 a ticket bearing the player-selected numbers or symbols for eligibility
15 in a drawing regularly scheduled in accordance with game rules or (ii) a
16 player purchases a ticket bearing randomly selected numbers for
17 eligibility in a drawing regularly scheduled in accordance with game
18 rules; and -

19 (c) A lottery game in which tickets are issued reflecting wagers
20 made on the outcome of an authorized sporting event as determined by the
21 division. For purposes of this subdivision, authorized sporting event
22 does not include a high school or youth athletic event.

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

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

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

29 (7) Major procurement shall mean any procurement or contract unique
30 to the operation of the state lottery in excess of twenty-five thousand
31 dollars for the printing of tickets used in any lottery game, security

1 services, consulting services, advertising services, any goods or
2 services involving the receiving or recording of number selections in any
3 lottery game, or any goods or services involving the determination of
4 winners in any lottery game. Major procurement shall include production
5 of instant-win tickets, procurement of online gaming systems and drawing
6 equipment, or retaining the services of a consultant who will have access
7 to any goods or services involving the receiving or recording of number
8 selections or determination of winners in any lottery game; and

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

11 Sec. 7. Section 9-823, Revised Statutes Supplement, 2019, is amended
12 to read:

13 9-823 The Tax Commissioner shall adopt and promulgate rules and
14 regulations necessary to carry out the State Lottery Act. The rules and
15 regulations shall include provisions relating to the following:

16 (1) The lottery games to be conducted subject to the following
17 conditions:

18 (a) No lottery game shall use the theme of dog racing or
19 horseracing;

20 (b) In any lottery game utilizing tickets, each ticket in such game
21 shall bear a unique number distinguishing it from every other ticket in
22 such lottery game;

23 (c) No name of an elected official shall appear on the tickets of
24 any lottery game; and

25 (d) In any instant-win game, the overall estimated odds of winning
26 some prize shall be printed on each ticket and shall also be available at
27 the office of the division at the time such lottery game is offered for
28 sale to the public;

29 (2) The retail sales price for lottery tickets;

30 (3) The types and manner of payment of prizes to be awarded for
31 winning tickets in lottery games;

1 (4) The method for determining winners, the frequency of drawings,
2 if any, or other selection of winning tickets subject to the following
3 conditions:

4 (a) No lottery game shall be based on the results of a dog race,
5 horserace, or high school or youth athletic ~~other sports~~ event;

6 (b) If the lottery game utilizes the drawing of winning numbers, a
7 drawing among entries, or a drawing among finalists (i) the drawings
8 shall be witnessed by an independent certified public accountant, (ii)
9 any equipment used in the drawings shall be inspected by the independent
10 certified public accountant and an employee of the division or designated
11 agent both before and after the drawing, and (iii) the drawing shall be
12 recorded on videotape with an audio track; and

13 (c) Drawings in an instant-win game, other than grand prize drawings
14 or other runoff drawings, shall not be held more often than weekly.
15 Drawings or selections in an online game shall not be held more often
16 than daily;

17 (5) The validation and manner of payment of prizes to the holders of
18 winning tickets subject to the following conditions:

19 (a) The prize shall be given to the person who presents a winning
20 ticket, except that for awards in excess of five hundred dollars, the
21 winner shall also provide his or her social security number or tax
22 identification number;

23 (b) A prize may be given to only one person per winning ticket,
24 except that a prize shall be divided between the holders of winning
25 tickets if there is more than one winning ticket per prize;

26 (c) For the convenience of the public, the director may authorize
27 lottery game retailers to pay winners of up to five hundred dollars after
28 performing validation procedures on their premises appropriate to the
29 lottery game involved;

30 (d) No prize shall be paid to any person under nineteen years of
31 age, and any prize resulting from a lottery ticket held by a person under

1 nineteen years of age shall be awarded to the parent or guardian or
2 custodian of the person under the Nebraska Uniform Transfers to Minors
3 Act;

4 (e) No prize shall be paid for tickets that are stolen, counterfeit,
5 altered, fraudulent, unissued, produced or issued in error, unreadable,
6 not received or not recorded by the division by acceptable deadlines,
7 lacking in captions that confirm and agree with the lottery play symbols
8 as appropriate to the lottery game involved, or not in compliance with
9 additional specific rules and regulations and public or confidential
10 validation and security tests appropriate to the particular lottery game
11 involved;

12 (f) No particular prize in any lottery game shall be paid more than
13 once. In the event of a binding determination by the director that more
14 than one claimant is entitled to a particular prize, the sole right of
15 such claimants shall be the award to each of them of an equal share in
16 the prize; and

17 (g) After the expiration of the claim period for prizes for each
18 lottery game, the director shall make available a detailed tabulation of
19 the total number of tickets actually sold in the lottery game and the
20 total number of prizes of each prize denomination that were actually
21 claimed and paid;

22 (6) Requirements for eligibility for participation in grand prize
23 drawings or other runoff drawings, including requirements for submission
24 of evidence of eligibility;

25 (7) The locations at which tickets may be sold except that no ticket
26 may be sold at a retail liquor establishment holding a license for the
27 sale of alcoholic liquor at retail for consumption on the licensed
28 premises unless the establishment holds a Class C liquor license with a
29 sampling designation as provided in subsection (6) of section 53-124;

30 (8) The method to be used in selling tickets;

31 (9) The contracting with persons as lottery game retailers to sell

1 tickets and the manner and amount of compensation to be paid to such
2 retailers;

3 (10)(a) The form and type of marketing of informational and
4 educational material.

5 (b) Beginning on September 1, 2019, all lottery advertisements shall
6 disclose the odds of winning the prize with the largest value for any
7 lottery game in a clear and conspicuous manner. Such disclosure shall be
8 in a font size of not less than thirty-five percent of the largest font
9 used in the advertisement, except that for any online advertisement, such
10 disclosure shall be in a font size of at least ten points. This
11 subdivision (b) shall not apply to advertisements printed, distributed,
12 broadcast, or otherwise disseminated or conducted prior to September 1,
13 2019;

14 (11) Any arrangements or methods to be used in providing proper
15 security in the storage and distribution of tickets or lottery games; and

16 (12) All other matters necessary or desirable for the efficient and
17 economical operation and administration of lottery games and for the
18 convenience of the purchasers of tickets and the holders of winning
19 tickets.

20 Sec. 8. Original sections 9-411, 9-431, 9-507, 9-510, 9-607, and
21 9-803, Reissue Revised Statutes of Nebraska, and section 9-823, Revised
22 Statutes Supplement, 2019, are repealed.