

LEGISLATIVE BILL 248

Approved by the Governor June 6, 1997

Introduced by General Affairs Committee: Schellpeper, 18, Chairperson; Cudaback, 36; Hartnett, 45; Hudkins, 21; Janssen, 15; Robak, 22; Vrtiska, 1; Will, 8

AN ACT relating to gambling; to amend sections 9-333, 9-343, 9-345, 9-430, and 9-638, Reissue Revised Statutes of Nebraska, and sections 9-1,104, 9-226, 9-232.02, 9-241.03, 9-241.08, 9-255.07, 9-255.09, 9-262, 9-322, 9-329.03, 9-330 to 9-332, 9-342, 9-346, 9-350, 9-352, 9-401, 9-411, 9-415, 9-418, 9-434, 9-620, 9-630, 9-631.01, 9-646, 9-646.01, and 9-652, Revised Statutes Supplement, 1996; to change and eliminate provisions relating to fingerprinting, criminal history record checks, bingo occasions, age of participation, licensure, administrative fines, license fees, records, pickle card unit orders, pickle card requirements, lottery methods, prohibited interests, contraband possession, probationary licenses, and extensions of credit; to change penalty provisions; to provide for biennial license renewals; to change fee provisions; to state intent relating to appropriations; to harmonize provisions; to provide operative dates; to repeal the original sections; to outright repeal section 9-329.04, Revised Statutes Supplement, 1996; and to declare an emergency.

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

Section 1. Section 9-1,104, Revised Statutes Supplement, 1996, is amended to read:

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, the persons subject to such requirements shall include any officer or director of the corporation, his or her spouse, any person or entity directly or indirectly associated with such corporation 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. 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, every member of such limited liability company, every 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, partnership, or limited liability company, and every person or entity directly or indirectly associated with such corporation, partnership, or limited liability company 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 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 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, sales agent, gaming manager, 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 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 a contract or license.

Sec. 2. Section 9-226, Revised Statutes Supplement, 1996, is amended to read:

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 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 1, subchapter D of the Internal Revenue Code from such applicant for past or present services in a consulting capacity or otherwise, the licensee, or any person with a substantial interest 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 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 a license or permit pursuant to such acts by fraud, misrepresentation, or concealment;

(d) Was convicted of, forfeited bond upon a charge of, or pleaded guilty 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 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 a misrepresentation of or failed to disclose a material fact to the department;

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

(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;

(j) Failed to pay an administrative fine 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 1, subchapter D of the Internal Revenue Code from such licensee or permittee for past or present services in a consulting capacity or otherwise, or any person with a substantial interest in the 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, the State Lottery Act, or any rules or regulations adopted and promulgated pursuant to such acts;

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

(c) Obtained a license or permit pursuant to the Nebraska Bingo Act by fraud, misrepresentation, or concealment;

(d) Was convicted of, forfeited bond upon the charge of, or pleaded guilty 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 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 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 a misrepresentation of or failed to disclose a material fact to the department;

(h) Failed to pay any taxes and additions to taxes, including

penalties and interest, required by the Nebraska Bingo Act;

(i) Failed to pay an administrative fine 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;

(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, permittee, or other person an order requiring the licensee, permittee, or other person to cease and desist from violations of the Nebraska Bingo Act. The order shall give reasonable notice of the rights of the licensee, permittee, or other person 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 after 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, permittee, or other person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the licensee, permittee, or other person shall be deemed in default and the proceeding may be determined against the licensee, permittee, or other person upon consideration of the cease and desist order, the allegations of which may be deemed to be true;

(5) To levy an administrative fine of not more than one thousand dollars on an individual, partnership, limited liability company, corporation, or organization for cause. For purposes of this subdivision, cause shall include instances in which ~~an~~ the individual, partnership, limited liability company, corporation, or organization violated the provisions, requirements, conditions, limitations, or duties imposed by the act or rules and regulations any rule or regulation adopted and promulgated pursuant to the act. In determining whether to levy an administrative fine and the amount of the fine if any fine is levied, the department shall take into consideration the seriousness of the violation, the intent of the violator, whether the violator voluntarily reported the violation, whether and the extent to which the violator derived financial gain as a result of the violation and the extent thereof, and whether the violator has had previous violations of the act, rules, or regulations. A fine levied on a violator under this section shall not exceed one thousand dollars for each violation of the act or any rule or regulation adopted and promulgated pursuant to the act plus the financial benefit derived by the violator as a result of each violation. If an administrative fine is levied, the fine shall not be paid from bingo gross receipts of an organization and shall be remitted by the violator to the department within thirty days after the date of the order issued by the department 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 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 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. 3. Section 9-232.02, Revised Statutes Supplement, 1996, is amended to read:

9-232.02. All licenses to conduct bingo and licenses issued to utilization-of-funds members, gaming managers, or commercial lessors 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. 4. Section 9-241.03, Revised Statutes Supplement, 1996, is amended to read:

9-241.03. (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, or a bingo occasion that was canceled due to an act of God and rescheduled pursuant to section 9-241.02, shall not be counted in determining whether the use of a premises is in compliance with subdivision (1)(a) of this section.

Sec. 5. Section 9-241.08, Revised Statutes Supplement, 1996, is amended to read:

9-241.08. (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.

(5) No person, licensee, or permittee or employee or agent thereof shall knowingly permit an individual under eighteen years of age to play or participate in any way in a bingo game conducted pursuant to the Nebraska Bingo Act, excluding those individuals allowed by law to play at a limited period bingo or special event bingo when (a) no alcoholic beverages are served and (b) no prize or prizes that will be awarded exceed twenty-five dollars in value per game.

Sec. 6. Section 9-255.07, Revised Statutes Supplement, 1996, is amended to read:

9-255.07. (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. Distributors' licenses may be renewed biennially. The 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. 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 biennial license fee of one thousand five hundred twenty-five ~~three thousand fifty~~ 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. 7. Section 9-255.09, Revised Statutes Supplement, 1996, is amended to read:

9-255.09. (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. Manufacturers' licenses may be renewed biennially. The 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. 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 biennial license fee of one thousand five hundred twenty-five ~~three thousand fifty~~ 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. 8. Section 9-262, Revised Statutes Supplement, 1996, is amended to read:

9-262. (1) Except when another penalty is specifically provided, any person, distributor, licensed organization, other licensee, or permittee, or employee or agent of any person or licensee thereof, who violates any provision of the Nebraska Bingo Act, or who causes, aids, abets, or conspires with another to cause any person, licensee, or permittee, or any employee or agent thereof, to violate the act, shall be guilty of a Class I misdemeanor for the first offense and a Class IV felony for any second or subsequent violation. Any licensed organization licensee guilty of violating any provision of the Nebraska Bingo Act act more than once in a twelve-month period shall may have its license canceled or revoked.

(2) Each of the following violations of the Nebraska Bingo Act shall be a Class IV felony:

(a) Giving, providing, or offering to give or provide, directly or indirectly, to any public official, employee, or agent of this state, or any agencies or political subdivisions of the state, any compensation or reward or share of the money for property paid or received through gambling activities regulated under Chapter 9 in consideration for obtaining any license, authorization, permission, or privilege to participate in any gaming operation except as authorized by the Nebraska Bingo Act or any rules or regulations adopted and promulgated pursuant to such act;

(b) Intentionally employing or possessing any device to facilitate cheating in a bingo game or using any fraudulent scheme or technique in connection with any bingo game when the amount gained or intended to be gained through the use of such items, schemes, or techniques is three hundred dollars or more;

(c) Causing, aiding, abetting, or conspiring with another to cause any person or organization to violate any provision of the Nebraska Bingo Act;

(d) Knowingly filing a false report under the Nebraska Bingo Act; or
(e) (d) Knowingly falsifying or making any false entry in any books or records with respect to any transaction connected with the conduct of bingo activity.

(3) In all proceedings initiated in any court or otherwise under the Nebraska Bingo Act, it shall be the duty of the Attorney General and appropriate county attorney to prosecute and defend all such proceedings.

(4) The failure to do any act required by or under the Nebraska Bingo Act shall be deemed an act in part in the principal office of the department. Any prosecution under such act may be conducted in any county where the defendant resides or has a place of business or in any county in which any violation occurred.

(5) In the enforcement and investigation of any offense committed under the Nebraska Bingo Act, the department may call to its aid any sheriff, deputy sheriff, or other peace officer in the state.

Sec. 9. Section 9-322, Revised Statutes Supplement, 1996, is amended to read:

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 1, subchapter D of the Internal Revenue Code, from such applicant or licensee for past or present services in a consulting capacity or otherwise, the licensee, or any person with a substantial interest 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 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 a license or permit pursuant to such acts by fraud, misrepresentation, or concealment;

(d) Was convicted of, forfeited bond upon a charge of, or pleaded guilty 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 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;

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

(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;

(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;

(j) Failed to pay an administrative fine 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. 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 1, subchapter D of the Internal Revenue Code from such licensee for past or present services in a consulting capacity or otherwise, or any person with a substantial interest in the 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, the State Lottery Act, or any rules or regulations adopted and promulgated pursuant to such acts;

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

(c) Obtained a license pursuant to the Nebraska Pickle Card Lottery Act by fraud, misrepresentation, or concealment;

(d) Was convicted of, forfeited bond upon a charge of, or pleaded guilty 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 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 a misrepresentation of or failed to disclose a material fact to the department;

(h) Failed to pay any taxes and additions to taxes, including penalties and interest, required by the Nebraska Pickle Card Lottery Act;

(i) Failed to pay an administrative fine 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;

(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 or other person an order requiring the licensee or other person to cease and desist from violations of the Nebraska Pickle Card Lottery Act. The order shall give reasonable notice of the rights of the licensee or other person 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 after 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 or other person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the licensee or other person shall be deemed in default and the proceeding may be determined against the licensee or other person upon consideration of the cease and desist order, the allegations of which may be deemed to be true;

(5) To levy an administrative fine of not more than one thousand dollars on an individual, partnership, limited liability company, corporation, or organization for cause. For purposes of this subdivision, cause shall include instances in which ~~on~~ the individual, partnership, limited liability company, corporation, or organization violated the provisions, requirements, conditions, limitations, or duties imposed by the Nebraska Pickle Card Lottery Act ~~act~~ or any rule or regulation adopted and promulgated pursuant to the act. In determining whether to levy an administrative fine and the amount of the fine if any fine is levied, the department shall take into consideration the seriousness of the violation, the intent of the violator, whether the violator voluntarily reported the violation, whether the violator and the extent to which the violator derived financial gain as a result of the violation and the extent thereof, and whether the violator has had previous violations of the act, rules, or regulations. A fine levied on a violator under this section shall not exceed one thousand dollars for each violation of the act or any rule or regulation adopted and promulgated pursuant to the act plus the financial benefit derived by the violator as a result of each violation. If an administrative fine is levied, the fine shall not be paid from pickle card lottery gross proceeds of a licensed organization and shall be remitted by the violator to the department within thirty days ~~from~~ after the date of the order issued by the department 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 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, to prescribe all forms necessary for the registration of such devices, and to impose administrative penalties for failure to properly register 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 imposed by the act 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. 10. Section 9-329.03, Revised Statutes Supplement, 1996, is amended to read:

9-329.03. (1) Any sole proprietorship, partnership, limited liability company, or corporation, which holds a retailer's license for consumption on the premises or a bottle club license issued by the Nebraska Liquor Control Commission pursuant to the Nebraska Liquor Control Act or which holds a retailer's license for consumption off the premises, may apply for a pickle card operator's license to sell individual pickle cards as opportunities to participate in a lottery by the sale of pickle cards.

(2) A pickle card operator 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 or manufacturer under section 9-330 or 9-332.

(3) A sole proprietor, partner in a partnership, member in a limited liability company, or officer or director of a corporation licensed as a pickle card operator shall not be licensed as a sales agent.

(4) A sole proprietor, partner in a partnership, member in a limited liability company, or officer or director of a corporation licensed as a pickle card operator 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 pickle card operator sells individual pickle cards.

Sec. 11. Section 9-330, Revised Statutes Supplement, 1996, is amended to read:

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 a biennial license fee of one thousand five hundred twenty-five three thousand fifty 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~~ Distributors' licenses shall expire on September

30 of each every odd-numbered year or such other date as the department may prescribe by rule or regulation. Distributors' licenses may be renewed biennially. An application for license renewal shall be submitted to the department at least forty-five days prior to the expiration date of the license.

Sec. 12. Section 9-331, Revised Statutes Supplement, 1996, is amended to read:

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 9-255.07 and 9-632.

(3) If a distributor delivers any pickle card unit, he or she shall deliver such unit only to a licensed 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, or a person who serves as a manager for a licensed organization which is exempt under section 501(c)(8), (c)(10), or (c)(19) of the Internal Revenue Code and shall not deliver any pickle card unit to any other person, whether or not such person is including a pickle card operator.

(4) No distributor shall offer or agree to offer anything of value to any person in exchange for an agreement or commitment by such 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 9-255.07 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, 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. 13. Section 9-332, Revised Statutes Supplement, 1996, is amended to read:

9-332. A manufacturer shall obtain a license from the department prior to manufacturing or selling or supplying to any 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 prescribed by the department a biennial license fee of one thousand five hundred twenty-five three thousand fifty 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.

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 every odd-numbered year or such other date as the department may prescribe by rule and regulation. Manufacturers' licenses and may be renewed annually biennially. An application for license renewal shall be submitted to the department at least forty-five days prior to the expiration date of the license.

Sec. 14. Section 9-333, Reissue Revised Statutes of Nebraska, is

amended to read:

9-333. Each manufacturer shall, no later than fifteen days after the last day of each calendar month, report to the department, in a manner prescribed by the department, the following information: ~~(1) The keep and maintain a complete set of records detailing the manufacturer's pickle card activities, including the name and state identification number of each distributor purchasing pickle card units, (2) relative to each such distributor, the quantity and type of each pickle card unit sold, and (3) any other information concerning pickle card units sold which the department deems necessary. Such records shall be made available to the department upon request. The department may require by rule and regulation periodic reporting from a manufacturer relative to its pickle card activities.~~

Sec. 15. Section 9-342, Revised Statutes Supplement, 1996, is amended to read:

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 utilization-of-funds member, (b) licensed pursuant to section 9-329 as a sales agent, (c) licensed pursuant to section 9-232.01 as a gaming manager, or (d) designated as a bingo chairperson by an organization licensed to conduct bingo pursuant to the Nebraska Bingo Act, or (e) who serves as a manager for a licensed organization which is exempt under section 501(c)(8), (c)(10), or (c)(19) of the Internal Revenue Code 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 shall order or purchase any pickle card or pickle card unit from a distributor.

Sec. 16. Section 9-343, Reissue Revised Statutes of Nebraska, is amended to read:

9-343. (1) A distributor shall maintain records of total sales of pickle card units and, within thirty days after the end of the calendar month or by the last day of the month following each monthly period, whichever comes first, shall report to the department, in a manner prescribed by the department, detailed information concerning each sale, which information shall include, but not be limited to, ~~(1) (a) the total number of units sold by such distributor, (2) the serial number of each unit and the corresponding state identification stamp number assigned to each unit, (3) (b) the aggregate price for which such cards will be sold by the purchasing organization, and (4) (c) any other information the department deems necessary.~~

~~(2) A distributor shall maintain a record of the serial number of each unit sold and the corresponding state identification stamp number assigned to each unit. Such information shall be made available to the department upon request.~~

Sec. 17. Section 9-345, Reissue Revised Statutes of Nebraska, is amended to read:

9-345. (1) No person under eighteen years of age shall play or participate in any way in any lottery by the sale of pickle cards.

~~(2) No person or licensee, or employee or agent thereof, shall knowingly permit an individual under eighteen years of age to play or participate in any way in any lottery by the sale of pickle cards conducted pursuant to the Nebraska Pickle Card Lottery Act.~~

Sec. 18. Section 9-346, Revised Statutes Supplement, 1996, is amended to read:

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 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 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 (a) 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, or (b) pickle card units which utilize a seal card which allows a seal card winner to receive a cash prize predetermined by the manufacturer, or (c) pickle card units which utilize a seal card as described in this section which allow the person who purchases the last pickle card of such a unit to receive a cash prize predetermined by the manufacturer as a result of purchasing the last pickle card.

Sec. 19. Section 9-350, Revised Statutes Supplement, 1996, is amended to read:

9-350. (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 pickle cards and pickle card units declared to be contraband goods in section 9-338; (b) any pickle cards that are not properly printed as required in section 9-346 or on which the tax has not been paid, except for pickle cards in the possession of a licensed distributor or licensed manufacturer; (c) any pickle cards or pickle card units purchased by any licensed organization from any source other than a licensed distributor; (d) any pickle cards or pickle card units that are being sold without all of the proper licenses; (e) any pickle card units or pickle cards that have been sold in violation of the Nebraska Pickle Card Lottery Act or any rules or regulations adopted and promulgated pursuant to such act; (f) any pickle cards or pickle card units in the possession of any licensee whose license has been revoked, canceled, or suspended or any pickle cards or pickle card units in the possession of any former licensee whose license has expired; or (g) any coin-operated or currency-operated pickle card dispensing device which contains any pickle cards deemed to be contraband goods pursuant to this subsection or any such device which does not have permanently and conspicuously affixed to it a current registration decal required by section 9-345.03.

(2) The Tax Commissioner may, upon satisfactory proof, direct return of any confiscated pickle cards or pickle card units when he or she has reason to believe that the owner entity from whom the pickle cards or pickle card units were confiscated has not willfully or intentionally evaded any tax or failed to comply with the Nebraska Pickle Card Lottery Act. Upon receipt of an affidavit of ownership, the Tax Commissioner shall relinquish possession of a seized coin-operated or currency-operated pickle card dispensing device to the lawful owners of the device if the device is not needed as evidence by the department, any county attorney, or the Attorney General at an administrative or judicial hearing, if contraband pickle cards have been removed from the device, and in the event the device was seized due to the owner's a violation of subsection (2) of section 9-345.03, if the owner entity who was utilizing the device has applied for and has received a current registration decal for the seized device.

(3) The Tax Commissioner may, upon finding that an owner of entity in possession of contraband goods has willfully or intentionally evaded any tax or failed to comply with the act, confiscate such goods. Any pickle cards or pickle card units confiscated shall be destroyed.

(4) The seizure and destruction of coin-operated or currency-operated pickle card dispensing devices, pickle cards, or pickle card units 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, at the direction of the Tax Commissioner, may seal any pickle cards, pickle card units, or coin-operated or currency-operated pickle card dispensing devices deemed to be contraband goods pursuant to this section. Such seal shall not be broken until authorized by the Tax Commissioner or his or her agents or employees. If the seal on a coin-operated or currency-operated pickle card dispensing device is broken prior to payment of the penalty and registration of the device required under section 9-345.03, the device shall be subject to

forfeiture and sale by the Tax Commissioner.

(6) 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 sealing, seizure, or confiscation of any coin-operated or currency-operated pickle card dispensing device, pickle card, or pickle card unit pursuant to this section.

(7) Possession of pickle cards or pickle card units which are deemed to be contraband goods pursuant to this section shall be a violation of the Nebraska Pickle Card Lottery Act.

Sec. 20. Section 9-352, Revised Statutes Supplement, 1996, is amended to read:

9-352. (1) Except when another penalty is specifically provided, any person, ~~licensed organization, distributor, manufacturer, sales agent, pickle card operator, other or licensee, or employee or agent of any person or licensee thereof, who violates any provision of the Nebraska Pickle Card Lottery Act, or who causes, aids, abets, or conspires with another to cause any person or licensee or any employee or agent thereof to violate the act,~~ shall be guilty of a Class I misdemeanor for the first offense and a Class IV felony for any second or subsequent violation. Any ~~licensed organization licensee~~ guilty of violating any provision of the act more than once in a twelve-month period ~~shall~~ may have its license canceled or revoked. Such matters ~~shall~~ may also be referred to any other state licensing agencies for appropriate action.

(2) Each of the following violations of the Nebraska Pickle Card Lottery Act shall be a Class IV felony:

(a) Giving, providing, or offering to give or provide, directly or indirectly, to any public official, employee, or agent of this state, or any agencies or political subdivisions of this state, any compensation or reward or share of the money for property paid or received through gambling activities regulated under Chapter 9 in consideration for obtaining any license, authorization, permission, or privilege to participate in any gaming operations except as authorized under Chapter 9 or any rules and regulations adopted and promulgated pursuant to such chapter;

(b) Making or receiving payment of a portion of the purchase price of pickle cards by a seller of pickle cards to a buyer of pickle cards to induce the purchase of pickle cards or to improperly influence future purchases of pickle cards;

(c) Using bogus, counterfeit, or nonopaque pickle cards, pull tabs, break opens, punchboards, jar tickets, or any other similar card, board, or ticket or substituting or using any pickle cards, pull tabs, or jar tickets that have been marked or tampered with;

(d) Intentionally employing or possessing any device to facilitate cheating in any lottery by the sale of pickle cards or use of any fraudulent scheme or technique in connection with any lottery by the sale of pickle cards when the amount gained or intended to be gained through the use of such items, schemes, or techniques is three hundred dollars or more;

~~(e) Causing, aiding, abetting, or conspiring with another to cause any person or organization to violate any provision of the Nebraska Pickle Card Lottery Act;~~

~~(f) Knowingly filing a false report under the Nebraska Pickle Card Lottery Act;~~

~~(g) (f) Knowingly falsifying or making any false entry in any books or records with respect to any transaction connected with the conduct of a lottery by the sale of pickle cards; or~~

~~(h) (g) Knowingly selling or distributing or knowingly receiving with intent to sell or distribute pickle cards or pickle card units without first obtaining a license in accordance with the Nebraska Pickle Card Lottery Act pursuant to section 9-329, 9-329.03, 9-330, or 9-332.~~

(3) In all proceedings initiated in any court or otherwise under the act, it shall be the duty of the Attorney General and appropriate county attorney to prosecute and defend all such proceedings.

(4) The failure to do any act required by or under the Nebraska Pickle Card Lottery Act shall be deemed an act in part in the principal office of the department. Any prosecution under such act may be conducted in any county where the defendant resides or has a place of business or in any county in which any violation occurred.

(5) In the enforcement and investigation of any offense committed under the act, the department may call to its aid any sheriff, deputy sheriff, or other peace officer in the state.

Sec. 21. Section 9-401, Revised Statutes Supplement, 1996, is amended to read:

9-401. Sections 9-401 to 9-437 and section 24 of this act shall be

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

Sec. 22. Section 9-411, Revised Statutes Supplement, 1996, is amended to read:

9-411. (1) Lottery shall mean a gambling scheme in which (a) participants pay or agree to pay something of value for an opportunity to win, (b) winning opportunities are represented by tickets differentiated by sequential enumeration, and (c) winners are determined by a random drawing of the tickets or by the method set forth in section 24 of this act.

(2) Lottery shall not include (a) any raffle as defined in section 9-415, (b) any gambling scheme which uses any mechanical, computer, electronic, 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, (c) any activity which is authorized or regulated under the Nebraska Bingo Act, the Nebraska County and City Lottery 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 (d) any activity which is prohibited under Chapter 28, article 11.

Sec. 23. Section 9-415, Revised Statutes Supplement, 1996, is amended to read:

9-415. (1) Raffle shall mean a gambling scheme in which (a) participants pay or agree to pay something of value for an opportunity to win, (b) winning opportunities are represented by tickets differentiated by sequential enumeration, (c) winners are determined by a random drawing of the tickets or by the method set forth in section 24 of this act, and (d) at least eighty percent of all of the prizes to be awarded are merchandise prizes which are not directly or indirectly redeemable for cash by the licensed organization conducting the raffle or any agent of the organization.

(2) Raffle shall not include (a) any gambling scheme which uses any mechanical, computer, electronic, 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 Bingo Act, the Nebraska County and City Lottery 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) activity which is prohibited under Chapter 28, article 11.

Sec. 24. (1) Pursuant to a special permit obtained in accordance with section 9-426, a licensed organization may conduct a lottery or raffle in which the winners are to be determined by a race utilizing inanimate, buoyant objects floated along a river, canal, or other waterway. The objects shall each bear a number or other unique identifying mark which corresponds to sequentially numbered tickets which are sold to participants in the lottery or raffle. A licensed organization utilizing this method of winner determination shall comply with all other requirements of the Nebraska Lottery and Raffle Act and any rules and regulations adopted and promulgated pursuant to the act.

(2) The department may adopt and promulgate rules and regulations for the conduct of a lottery or raffle utilizing the method of winner determination provided by this section.

Sec. 25. Section 9-418, Revised Statutes Supplement, 1996, is amended to read:

9-418. 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 application for cause. Cause for denial of an application or renewal of a license or permit shall include instances in which the applicant individually or, in the case of a nonprofit organization, any officer, director, or employee 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 1, subchapter D of the Internal Revenue Code 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 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 such acts;

(b) 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 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 convicted of, forfeited bond upon a charge of, or pleaded guilty 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 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;

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

(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;

(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;

(j) Failed to pay an administrative fine 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, or employee 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 1, subchapter D of the Internal Revenue Code from such licensee or permittee for past or present services in a consulting capacity or otherwise, or any person with a substantial interest in the 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, the State Lottery Act, or any rules or regulations adopted and promulgated pursuant to such acts;

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

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

(d) Was convicted of, forfeited bond upon a charge of, or pleaded guilty 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 filing of the application;

(f) 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;

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

(h) Failed to pay any taxes and additions to taxes, including penalties and interest, required by the Nebraska Lottery and Raffle Act;

(i) Failed to pay an administrative fine 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;

(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 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 levy an administrative fine of not more than one thousand dollars on an individual, partnership, limited liability company, corporation, or organization for cause. For purposes of this subdivision, cause shall include instances in which on the 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 levy an administrative fine and the amount of the fine if any fine is levied, the department shall take into consideration the seriousness of the violation, the intent of the violator, whether the violator voluntarily reported the violation, whether and the extent to which the violator derived financial gain as a result of the violation and the extent thereof, and whether the violator has had previous violations of the act, rules, or regulations. A fine levied on a violator under this section shall not exceed one thousand dollars for each violation of the act or any rule or regulation adopted and promulgated pursuant to the act plus the financial benefit derived by the violator as a result of each violation. If an administrative fine is levied, the fine shall not be paid from lottery or raffle gross proceeds of a licensed organization and shall be remitted by the violator to the department within thirty days after the date of the order issued by the department 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. 26. Section 9-430, Reissue Revised Statutes of Nebraska, is amended to read:

9-430. (1) No person under eighteen years of age shall participate in any way in any lottery or raffle, except that a person under eighteen years of age may participate in a lottery or raffle conducted by a licensed organization pursuant to a permit issued under section 9-426.

(2) No person, licensee, or permittee or employee or agent thereof shall knowingly permit an individual under eighteen years of age to play or participate in any way in a lottery or raffle conducted pursuant to the Nebraska Lottery and Raffle Act, excluding those conducted by a licensed

organization with a special permit issued under section 9-426.

Sec. 27. Section 9-434, Revised Statutes Supplement, 1996, is amended to read:

9-434. (1) Except when another penalty is specifically provided, any person, ~~licensed organization, other licensee, or permittee, or employee or agent of any person, licensee, or permittee thereof,~~ who violates any provision of the Nebraska Lottery and Raffle Act, ~~or who causes, aids, abets, or conspires with another to cause any person, licensee, or permittee or employee or agent thereof to violate the act,~~ shall be guilty of a Class I misdemeanor for the first offense and a Class IV felony for any second or subsequent violation. Any ~~licensed organization licensee~~ guilty of violating any provision of the act more than once in a twelve-month period shall ~~may~~ have its license canceled or revoked.

(2) Each of the following violations of the Nebraska Lottery and Raffle Act shall be a Class IV felony:

(a) Giving, providing, or offering to give or provide, directly or indirectly, to any public official or employee or agent of this state, or any agencies or political subdivisions of this state, any compensation or reward or share of the money for property paid or received through gambling activities authorized under Chapter 9 in consideration for obtaining any license, authorization, permission, or privileges to participate in any gaming operations except as authorized under Chapter 9 or any rules and regulations adopted and promulgated pursuant to such chapter;

(b) Intentionally employing or possessing any device to facilitate cheating in any lottery or raffle or using any fraudulent scheme or technique in connection with any lottery or raffle when the amount gained or intended to be gained through the use of items, schemes, or techniques is three hundred dollars or more; ~~or~~

(c) ~~Causing, aiding, abetting, or conspiring with another to cause any person or organization to violate any provision of the Nebraska Lottery and Raffle Act, or~~

~~(d) Knowingly filing a false report under the Nebraska Lottery and Raffle Act.~~

(3) In all proceedings initiated in any court or otherwise under the act, it shall be the duty of the Attorney General and appropriate county attorney to prosecute and defend all such proceedings.

(4) The failure to do any act required by or under the Nebraska Lottery and Raffle Act shall be deemed an act in part in the principal office of the department. Any prosecution under such act may be conducted in any county where the defendant resides or has a place of business or in any county in which any violation occurred.

(5) In the enforcement and investigation of any offense committed under the act, the department may call to its aid any sheriff, deputy sheriff, or other peace officer in the state.

Sec. 28. Section 9-620, Revised Statutes Supplement, 1996, is amended to read:

9-620. 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 or renewal of a license shall include instances in which the applicant individually, or in the case of a business entity, 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 1, subchapter D of the Internal Revenue Code from such applicant or licensee for past or present services in a consulting capacity or otherwise, the licensee, or any person with a substantial interest 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, the State Lottery Act, or any rules or regulations adopted and promulgated pursuant to such acts;

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

(d) Was convicted of, forfeited bond upon a charge of, or pleaded

guilty 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 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 the department or its authorized representatives, including authorized law enforcement agencies, access to any place where activity required to be licensed under the Nebraska County and City 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;

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

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

(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;

(j) Failed to pay an administrative fine 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 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, 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 1, subchapter D of the Internal Revenue Code from such licensee for past or present services in a consulting capacity or otherwise, or any person with a substantial interest in the 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, the State Lottery Act, or any rules or regulations adopted and promulgated pursuant to such acts;

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

(c) Obtained a license pursuant to the Nebraska County and City Lottery Act by fraud, misrepresentation, or concealment;

(d) Was convicted of, forfeited bond upon a charge of, or pleaded guilty 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 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 the department or its authorized representatives, including authorized law enforcement agencies, access to any place where activity required to be licensed under the Nebraska County and City 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;

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

(h) Failed to pay any taxes and additions to taxes, including

penalties and interest, required by the Nebraska County and City Lottery Act;

(i) Failed to pay an administrative fine 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;

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

(k) Failed to demonstrate, either individually or in the case of a business entity 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 or other person an order requiring the licensee or other person to cease and desist from violations of the Nebraska County and City Lottery Act. The order shall give reasonable notice of the rights of the licensee or other person 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 after 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 or other person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the licensee or other person shall be deemed in default and the proceeding may be determined against the licensee or other person upon consideration of the cease and desist order, the allegations of which may be deemed to be true;

(5) To levy an administrative fine on an individual, partnership, limited liability company, corporation, or organization for cause. For purposes of this subdivision, cause shall include instances in which the 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 levy an administrative fine and the amount of the fine if any fine is levied, the department shall take into consideration the seriousness of the violation, the intent of the violator, whether the violator voluntarily reported the violation, whether the violator derived financial gain as a result of the violation and the extent thereof, and whether the violator has had previous violations of the act and regulations. A fine levied on a violator under this section shall not exceed twenty-five thousand dollars for each violation of the act or any rules and regulations adopted and promulgated pursuant to the act plus the financial benefit derived by the violator as a result of each violation. If an administrative fine is levied, the fine shall not be paid from lottery gross proceeds of the county, city, or village and shall be remitted by the violator to the department within thirty days from the date of the order issued by the department levying such fine;

(6) To enter or to authorize any law enforcement officer to enter at any time upon any premises where lottery activity required to be licensed 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 it have been or are being violated and at such time to examine such premises;

(7) To require periodic reports of lottery activity from licensed counties, cities, villages, manufacturer-distributors, and lottery operators and any other persons, organizations, limited liability companies, or corporations as the department deems necessary to carry out the act;

(8) To audit, examine, or 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 a lottery, 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;

(9) Unless specifically provided otherwise, to compute, determine,

assess, and collect the amounts required to be paid 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 lottery equipment or supplies pursuant to section 9-649;

(11) To investigate the activities of any person applying for a license under the Nebraska County and City Lottery Act or relating to the conduct of any lottery activity under the act. Any license applicant or licensee shall produce such information, documentation, and assurances as may be required by the department to establish by a preponderance of the evidence the financial stability, integrity, and responsibility of the applicant or licensee, including, but not limited to, bank account references, business and personal income and disbursement schedules, tax returns and other reports filed with governmental agencies, business entity and personal accounting records, and check records and ledgers. Any such license applicant or licensee shall authorize the department to examine bank accounts and other such records as may be deemed necessary by the department;

(12) To adopt and promulgate such rules and regulations and prescribe all forms as are necessary to carry out the act; and

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

Sec. 29. Section 9-630, Revised Statutes Supplement, 1996, is amended to read:

9-630. (1) No county, city, village, or lottery operator shall conduct a lottery without having first been issued a license by the department. An applicant for such license shall apply on a form prescribed by the department.

(2) Each application by any county, city, or village shall include:

(a) The name and address of the applicant;

(b) A certified copy of the election results at which the lottery was approved by a majority of the registered voters of the county, city, or village in the manner prescribed in section 9-625;

(c) Any approval by ordinance or resolution approved by a governing board of a county, city, or village sanctioning the conduct of a lottery;

(d) The names, addresses, and dates of birth of each person employed by the county, city, or village to conduct the lottery;

(e) The name and address of at least one person employed by the county, city, or village who shall represent the county, city, or village in all matters with the department regarding the conduct of the lottery;

(f) A written statement describing the type of lottery to be conducted by the county, city, or village;

(g) If the county, city, or village enters into a written agreement with a lottery operator, a +

~~(i) A copy of each proposal submitted to the county, city, or village by any individual, sole proprietorship, partnership, limited liability company, or corporation to operate the lottery; and~~

~~(ii) A copy of the proposed contract or written agreement between the county, city, or village and the chosen lottery operator; and~~

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

(3) Each application by any lottery operator shall include:

(a) The name, address, social security number, and date of birth of every individual who is the lottery operator, the sole proprietor, a partner, a member, or a corporate officer of the lottery operator, or a person or entity holding in the aggregate ten percent or more of the debt or equity of the lottery operator if a corporation;

(b) The name and state identification number of the county, city, or village on whose behalf a lottery will be conducted;

(c) A statement signed by an authorized representative of the county, city, or village signifying that such county, city, or village approves the applicant to act as a lottery operator on behalf of such county, city, or village; and

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

A separate license shall be obtained by a lottery operator for each county, city, or village on whose behalf a lottery will be conducted.

(4) The information required by this section shall be kept current. A county, city, village, or lottery operator shall notify the department within thirty days of any changes in the information originally submitted in the application form.

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

Sec. 30. Section 9-631.01, Revised Statutes Supplement, 1996, is amended to read:

9-631.01. (1) No person shall be eligible to perform any work directly related to the conduct of a lottery unless he or she has completed, signed, and filed with the department and the county, city, or village, if required by the county, city, or village, an application prepared by the department which includes:

(a) The name, address, date of birth, and social security number of the applicant;

(b) The name and state identification number of the county, city, or village, lottery operator, and sales outlet location or locations for which the person will be performing work;

(c) A description of the person's duties;

(d) A statement that the applicant has not been convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any felony within ten years preceding the date of the application or any felony or misdemeanor involving fraud, theft, or any gambling activity; and

(e) The date of signing and the signature of the person, under penalty of perjury, verifying that the information is true and accurate.

(2) Either the department or the county, city, or village shall have the right to conduct an investigation concerning the applicant as may be necessary or appropriate to maintain the integrity of the game.

(3) For purposes of this section, work directly related to the conduct of a lottery shall mean any work involving the actual day-to-day conduct of the lottery, including, but not limited to, ticket writing, winning number selection, prize payout to winners, record keeping, shift checkout and review of keno writer banks, and security.

(4) The information required by this section shall be kept current, and a new application shall be filed with the department if any information on the application is no longer current.

(5) Falsification of information on the application by the applicant shall disqualify such applicant from work directly related to the conduct of the lottery in addition to any other penalties which may be imposed under the laws of this state.

(6) The applicant shall be granted a probationary license to perform work directly related to the conduct of a lottery which shall be valid for a period of ~~sixty~~ one hundred twenty days after the filing is received by the department unless such application is denied by the department. If proceedings to deny the license application have not been initiated by the department during such probationary period, the applicant shall be granted a regular license to perform work directly related to the conduct of a lottery. The license shall be valid to allow such person to perform work for the county, city, village, lottery operator, or sales outlet location or locations unless otherwise suspended, canceled, revoked, or denied by the department. The cost of all investigations conducted by the department pursuant to this section shall be borne by the department.

Sec. 31. Section 9-638, Reissue Revised Statutes of Nebraska, is amended to read:

9-638. Each manufacturer-distributor shall, ~~not later than thirty days after the last day of each calendar quarter, report to the department in a manner prescribed by the department~~ maintain the following information: (1) The name of each purchaser of lottery equipment or supplies; (2) relative to each sale, the quantity and type of lottery equipment or supplies sold; and (3) any other information concerning lottery equipment or supplies sold which the department deems necessary. Such information shall be made available to the department upon request.

Sec. 32. Section 9-646, Revised Statutes Supplement, 1996, is amended to read:

9-646. (1) No person under nineteen years of age shall play or participate in any way in any lottery conducted pursuant to the Nebraska County and City Lottery Act.

(2) A county, city, or village which authorizes the conduct of a lottery shall establish by ordinance or resolution the limitations, if any, on the playing of any lottery conducted by the county, city, or village by any member of the governing board, a governing official, or the immediate family of such member or official.

(3) No owner or officer of a lottery operator with whom the county, city, or village contracts to conduct its lottery shall play any lottery conducted by such county, city, or village. An owner or officer of an authorized sales outlet location for such county, city, or village may be prohibited from playing any lottery conducted by such county, city, or village by ordinance or resolution. No employee or agent of a county, city, village, lottery operator, or authorized sales outlet location shall play the lottery of the county, city, or village for which he or she performs work during such

time as he or she is actually working at such lottery or while on duty.

(4) No person or licensee, or employee or agent thereof, shall knowingly permit an individual under nineteen years of age to play or participate in any way in any lottery conducted pursuant to the Nebraska County and City Lottery Act.

Sec. 33. Section 9-646.01, Revised Statutes Supplement, 1996, is amended to read:

9-646.01. No lottery operator, sales outlet location, county, city, or village person or licensee, or any employee or agent thereof, accepting wagers on a lottery conducted pursuant to the Nebraska County and City Lottery Act shall extend credit from the gross proceeds of a lottery to participants in the lottery for the purchase of lottery tickets. No person shall purchase or be allowed to purchase any lottery ticket or make or be allowed to make any wager pursuant to the act unless he or she pays for such ticket or wager with cash. For purposes of this section, cash shall mean United States currency having the same face value as the price of the ticket or wager.

Sec. 34. Section 9-652, Revised Statutes Supplement, 1996, is amended to read:

9-652. (1) Except when another penalty is specifically provided, any person, ~~lottery operator, manufacturer-distributor, other~~ licensee, or employee or agent of any person or licensee thereof, who knowingly or intentionally violates any provision of the Nebraska County and City Lottery Act, or who causes, aids, abets, or conspires with another to cause any person or licensee or any employee or agent thereof to violate the act, shall be guilty of a Class I misdemeanor for the first offense and a Class IV felony for any second or subsequent violation. Any licensee guilty of violating the act more than once in a twelve-month period shall may have its license canceled or revoked.

(2) Each of the following violations of the act shall be a Class IV felony:

(a) Giving, providing, or offering to give or provide, directly or indirectly, to any public official, employee, or agent of this state or any agencies or political subdivisions of this state any compensation or reward or share of the money for property paid or received through gambling activities regulated under the act in consideration for obtaining any license, authorization, permission, or privilege to participate in any gaming operations except as authorized under the act or any rules and regulations adopted and promulgated pursuant to such act;

(b) Intentionally employing or possessing any device to facilitate cheating in any lottery or using any fraudulent scheme or technique in connection with any lottery when the amount gained or intended to be gained through the use of such device, scheme, or technique is three hundred dollars or more;

(c) ~~Gauging, aiding, abetting, or conspiring with another to cause any person or organization to violate any provision of the act;~~

~~(d) Knowingly filing a false report under the act; or~~

~~(e) (d) Knowingly falsifying or making any false entry in any books or records with respect to any transaction connected with the conduct of a lottery.~~

(3) It shall be the duty of the Attorney General or appropriate county attorney to prosecute and defend all proceedings initiated in any court or otherwise under the act.

(4) The failure to do any act required by or under the Nebraska County and City Lottery Act shall be deemed an act in part in the principal office of the department. Any prosecution under such act may be conducted in any county where the defendant resides or has a place of business or in any county in which any violation occurred.

(5) In the enforcement and investigation of any offense committed under the act, the department may call to its aid any sheriff, deputy sheriff, or other peace officer in the state.

Sec. 35. It is the intent of the Legislature to appropriate to the Compulsive Gamblers Assistance Fund from the Charitable Gaming Operations Fund two hundred fifty thousand dollars on July 1 of each year for fiscal years 1997-98, 1998-99, and 1999-2000. For fiscal 2000-01 and each fiscal year thereafter, it is the intent of the Legislature to appropriate one million dollars to the Compulsive Gamblers Assistance Fund from the Charitable Gaming Operations Fund if the need for such funds is demonstrated to the Legislature.

Sec. 36. Section 35 of this act becomes operative on July 1, 1997. Sections 1 to 20, 25 to 34, 37, and 39 of this act become operative on October 1, 1997. The other sections of this act become operative on their effective date.

Sec. 37. Original sections 9-333, 9-343, 9-345, 9-430, and 9-638,

Reissue Revised Statutes of Nebraska, and sections 9-1,104, 9-226, 9-232.02, 9-241.03, 9-241.08, 9-255.07, 9-255.09, 9-262, 9-322, 9-329.03, 9-330 to 9-332, 9-342, 9-346, 9-350, 9-352, 9-418, 9-434, 9-620, 9-630, 9-631.01, 9-646, 9-646.01, and 9-652, Revised Statutes Supplement, 1996, are repealed.

Sec. 38. Original sections 9-401, 9-411, and 9-415, Revised Statutes Supplement, 1996, are repealed.

Sec. 39. The following section is outright repealed: Section 9-329.04, Revised Statutes Supplement, 1996.

Sec. 40. Since an emergency exists, this act takes effect when passed and approved according to law.