

LEGISLATIVE BILL 545

Approved by the Governor March 18, 2002

Introduced by Janssen, 15; Burling, 33; Cudaback, 36; Hudkins, 21

AN ACT relating to gambling; to amend sections 9-201, 9-204.03, 9-211, 9-213, 9-214.01, 9-226.01, 9-231, 9-232.01, 9-241.05, 9-255.02, 9-255.04, 9-255.05, 9-255.08, 9-301, 9-304, 9-306.01, 9-309, 9-311, 9-322.02, 9-326, 9-331, 9-340.02, 9-347, 9-347.01, 9-349, 9-401, 9-410, 9-418.01, 9-423, 9-601, 9-603, 9-606.01, 9-622, 9-631, 9-631.01, 9-642.01, and 9-653, Reissue Revised Statutes of Nebraska, sections 9-1,104, 9-226, 9-232.02, 9-233, 9-255.06, 9-322, 9-328, 9-329, 9-418, 9-425, and 9-620, Revised Statutes Supplement, 2000, and sections 9-230.01 and 9-625, Revised Statutes Supplement, 2001; to provide for fingerprinting and criminal history record checks for lottery workers; to change provisions relating to cease and desist orders, special event bingo, licensure requirements and fees, notice of license denials, prize and expense limitations, reporting requirements, licensed distributor sales and purchases, pickle card unit deliveries, gross proceeds, the licensure of lottery workers and sales outlet locations, lottery operation requirements, and the disclosure of reports or records; to authorize the collection and prorating of certain fees and the sale or donation of disposable paper bingo cards as prescribed; to define and redefine terms; to provide powers and duties; to harmonize provisions; to provide operative dates; and to repeal the original sections.

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

Section 1. Section 9-1,104, Revised Statutes Supplement, 2000, 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, lottery worker who is designated as a keno manager or who has authority over the verification of winning number selection by an electrically operated blower machine, 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. If the applicant is an individual, the application shall also include the applicant's social security number.

(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.

(c) Notwithstanding the provisions of this section, if an applicant for or party holding a license as a pickle card operator, sales agent, gaming manager, lottery operator, lottery worker, or sales outlet location is issued a license by the Nebraska Liquor Control Commission, the Department of Revenue may waive the fingerprinting requirements for criminal history record investigation purposes.

(3) (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.

(4) 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 9-201, Reissue Revised Statutes of Nebraska, is amended to read:

9-201. Sections 9-201 to 9-266 and section 7 of this act shall be known and may be cited as the Nebraska Bingo Act.

Sec. 3. Section 9-204.03, Reissue Revised Statutes of Nebraska, is amended to read:

9-204.03. Bingo equipment shall mean all devices, machines, and parts used in and which are an integral part of the conduct of bingo, including, but not limited to, bingo cards, disposable ~~bingo~~ bingo paper bingo cards, bingo balls, bingo blower devices, and computerized accounting systems.

Sec. 4. Section 9-211, Reissue Revised Statutes of Nebraska, is amended to read:

9-211. (1) Lawful purpose, for a licensed organization or a qualifying nonprofit organization making a donation of its profits derived from the conduct of bingo solely for its own organization, shall mean donating such profits for any activity which benefits and is conducted by the organization, including any charitable, benevolent, humane, religious, philanthropic, youth sports, educational, civic, or fraternal activity conducted by the organization for the benefit of its members.

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

(a) The State of Nebraska or any political subdivision of the state but only if the donation is made exclusively for public purposes;

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

(i) Created or organized under the laws of Nebraska which has been

in existence for five consecutive years immediately preceding the date of the donation and which has its principal office located in Nebraska;

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

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

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

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

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

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

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

(d) A volunteer fire ~~department~~ company or volunteer first-aid, rescue, ambulance, or emergency squad ~~or volunteer fire company~~ serving any city, village, county, township or rural or suburban fire protection district in Nebraska.

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

~~(4) Upon dissolution of a licensed organization or if a previously licensed organization does not renew its license to conduct bingo, its license renewal application is denied, or its license is canceled, suspended, or revoked, all remaining profits derived from the conduct of bingo shall be utilized for a lawful purpose and shall not be distributed to any private individual or shareholder. The disbursement of such remaining profits shall be subject to approval by the department.~~

Sec. 5. Section 9-213, Reissue Revised Statutes of Nebraska, is amended to read:

9-213. Licensed organization shall mean ~~an~~ a nonprofit organization or volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad licensed to conduct bingo under the Nebraska Bingo Act.

Sec. 6. Section 9-214.01, Reissue Revised Statutes of Nebraska, is amended to read:

9-214.01. (1) Manufacturer shall mean any person who assembles, produces, makes, or prints any bingo equipment.

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

Sec. 7. Volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad shall mean a volunteer association or organization serving any city, village, county, township, or rural or suburban fire protection district in Nebraska by providing fire protection or emergency response services for the purpose of protecting human life, health, or property.

Sec. 8. Section 9-226, Revised Statutes Supplement, 2000, 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, 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;

(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 a licensee, permittee, or other person to cease and desist from violations of the Nebraska Bingo Act or any rules and regulations adopted and promulgated pursuant to such 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. The notice of order to cease and desist shall be mailed by certified mail to or personally served upon the licensee, permittee, or other person. If the notice of order is mailed by certified mail, the date the notice is mailed shall be deemed to be the date of service of notice to the licensee, permittee, or other person. A request for a hearing by the licensee, permittee, or other person shall be in writing and shall be filed with the department within thirty days after the service of the cease and desist order. If a request for hearing is not filed within the thirty-day period, the cease and desist order shall become permanent at the expiration of such period. A hearing shall be held not later than ~~seven~~ thirty 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 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, 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 collect license application, license renewal application, and permit fees imposed by the Nebraska Bingo Act and to prorate license fees on an annual basis. The department shall establish by rule and regulation the conditions and circumstances under which such fees may be prorated;

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

~~(11)~~ (12) 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~~ act.

Sec. 9. Section 9-226.01, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

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

Sec. 10. Section 9-230.01, Revised Statutes Supplement, 2001, is amended to read:

9-230.01. (1) A qualifying nonprofit organization may apply to the department for a permit to conduct a special event bingo in conjunction with a special event at which bingo is not the primary function. Such special event bingo shall be exempt from (a) the licensing requirements found in the Nebraska Bingo Act for Class I and Class II licenses, (b) the record-keeping and reporting requirements found in the act for licensed organizations, and (c) any tax on the gross receipts derived from the conduct of bingo as provided in the act for licensed organizations.

(2) A qualifying nonprofit organization may apply for and obtain two

special event bingo permits per calendar year, not to exceed a total of fourteen days in duration. An application for a permit shall be made, on a form prescribed by the department, at least ten days prior to the desired starting date of the special event bingo. The form shall be accompanied by a permit fee of fifteen dollars and shall contain:

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

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

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

(d) The name, address, and telephone number of the individual who will be in charge of the special event bingo; and

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

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

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

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

(b) ~~Only reusable hard bingo cards or shutter cards shall be sold, rented, leased, or used at a special event bingo. Disposable paper bingo cards may not be used at a special event bingo. The cards as well as other bingo~~ Bingo equipment, other than disposable paper bingo cards, necessary to conduct bingo may be obtained from any source. Disposable paper bingo cards may be obtained only from (i) a licensed distributor or (ii) a licensed organization as provided in subdivision (4)(e) of section 9-241.05;

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

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

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

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

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

Sec. 11. Section 9-231, Reissue Revised Statutes of Nebraska, is amended to read:

9-231. (1) Any nonprofit organization holding a certificate of exemption under section 501(c)(3), (c)(4), (c)(5), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company ~~organized and operated pursuant to Chapter 35, article 17~~ or volunteer first-aid, rescue, ambulance, or emergency squad may apply for a license to conduct bingo.

(2) Prior to applying for any license, an organization shall:

(a) Be incorporated in this state as a not-for-profit corporation or organized in this state as a religious or not-for-profit organization. For purposes of this subsection, a domesticated foreign corporation shall not be considered incorporated in this state as a not-for-profit corporation;

(b) Conduct activities within this state in addition to the conduct of bingo;

(c) Be authorized by its constitution, articles, charter, or bylaws to further in this state a lawful purpose;

(d) Operate without profit to its members, and no part of the net earnings of such organization shall inure to the benefit of any private shareholder or individual; and

(e) Have been in existence for five years immediately preceding its application for a license, and shall have had during that five-year period a bona fide membership actively engaged in furthering a lawful purpose. A society defined in section 21-608 which is chartered in Nebraska under a state, grand, supreme, national, or other governing body may use the charter date of its parent organization to satisfy such five-year requirement.

(3) None of the provisions of this section shall prohibit a senior

citizens group from organizing and conducting bingo pursuant to the Nebraska Bingo Act when bingo is played only by members of the senior citizens group conducting the bingo. For purposes of this section, senior citizens group shall mean any organization the membership of which consists entirely of persons who are at least sixty years old.

Sec. 12. Section 9-232.01, Reissue Revised Statutes of Nebraska, is amended to read:

9-232.01. (1) Each organization applying for a license to conduct bingo shall file with the department an application on a form prescribed by the department. Each application shall include:

- (a) The name and address of the applicant organization;
- (b) Sufficient facts relating to the incorporation or organization of the applicant organization to enable the department to determine if the organization is eligible for a license pursuant to section 9-231;
- (c) The name and address of each officer of the applicant organization;
- (d) The name, address, social security number, years of membership, and date of birth of one bona fide and active member of the organization who will serve as the organization's bingo chairperson; and
- (e) The name, address, social security number, years of membership, and date of birth of no more than three bona fide and active members of the organization who will serve as alternate bingo chairpersons.

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

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

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

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

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

(3) The information required by this section shall be kept current. ~~The bingo chairperson~~ A licensed organization shall notify the department within thirty days of any changes to the if any information contained on or with in the application is no longer correct and shall supply the correct information.

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

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

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

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

Sec. 13. Section 9-232.02, Revised Statutes Supplement, 2000, is amended to read:

9-232.02. (1) Except as otherwise provided in this section, 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.

(2) Commencing October 1, 2001, a license to conduct bingo issued to a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the Internal Revenue Code and any license issued to a utilization-of-funds member or gaming manager for such nonprofit organization shall be a biennial license, shall expire on September 30 of each odd-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. The biennial license fee for a utilization-of-funds member shall be forty dollars and the biennial license fee for a gaming manager shall be one hundred dollars.

(3) Commencing October 1, 2002, a license to conduct bingo issued to a nonprofit organization holding a certificate of exemption under section 501(c)(5), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad organized and operated pursuant to Chapter 35, article 1, and any license issued to a utilization-of-funds member or gaming manager for such nonprofit organization or volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad shall be a biennial license, shall expire on September 30 of each even-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. The biennial license fee for a utilization-of-funds member shall be forty dollars and the biennial license fee for a gaming manager shall be one hundred dollars.

(4) Commencing October 1, 2001, a commercial lessor license shall be a biennial license, shall expire on September 30 of each odd-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially.

Sec. 14. Section 9-233, Revised Statutes Supplement, 2000, is amended to read:

9-233. (1) The department may issue an applicant organization one of the following classes of bingo licenses:

(a) A Class I license which shall include organizations with gross receipts from the conduct of bingo which are less than one hundred ~~fifty~~ thousand dollars per twelve-month period commencing October 1 of each year or such other date as the department may prescribe by rule and regulation; or

(b) A Class II license which shall include organizations with gross receipts from the conduct of bingo equal to or greater than one hundred ~~fifty~~ thousand dollars per twelve-month period commencing October 1 of each year or such other date as the department may prescribe by rule and regulation.

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

(3)(a) Except as otherwise provided in this subsection, a fee of fifteen dollars shall be charged for a Class I license, and a fee of fifty dollars shall be charged for a Class II license.

(b) Commencing October 1, 2001, a biennial license fee of thirty dollars shall be charged for a Class I license issued to a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the Internal Revenue Code, and a biennial license fee of one hundred dollars shall be charged for a Class II license issued to a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the Internal Revenue Code.

(c) Commencing October 1, 2002, a biennial license fee of thirty dollars shall be charged for a Class I license issued to a nonprofit organization holding a certificate of exemption under section 501(c)(5), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad, ~~organized and operated pursuant to Chapter 35, article 1,~~ and a biennial license fee of one hundred dollars shall be charged for a Class II license issued to a nonprofit organization holding a certificate of exemption under section 501(c)(5), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad. ~~organized and operated pursuant to Chapter 35, article 1.~~

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

Sec. 15. Section 9-241.05, Reissue Revised Statutes of Nebraska, is amended to read:

9-241.05. (1) A licensed organization shall purchase or otherwise obtain bingo equipment only from a licensed distributor, except that a licensed organization may rent or lease bingo equipment, excluding disposable paper bingo cards, only from:

(a) A licensed distributor; or

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

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

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

(4) Nothing in this section shall prohibit:

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

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

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

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

(e) A licensed organization from selling or donating its disposable paper bingo cards, when authorization has been obtained from the department, to another licensed organization in an emergency situation or to a qualifying nonprofit organization to use at a special event bingo.

Sec. 16. Section 9-255.02, Reissue Revised Statutes of Nebraska, is amended to read:

9-255.02. (1) Irrespective of whether a bingo game or a bingo occasion is conducted jointly by two or more licensed organizations, no prize for a single bingo game shall exceed one thousand dollars in value and the aggregate value of all bingo prizes at any bingo occasion shall not exceed four thousand dollars.

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

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

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

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

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

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

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

~~(e)~~ (5) The total fair market value of all promotional prizes awarded at a bingo occasion shall be excluded from determination of the fifty-percent prize payout requirement in subsection (3) of this section.

~~(5)~~ (6) The licensed organization's cost of promotional prizes permitted by subsection (4) of this section shall ~~be considered a bingo expense that is subject to~~ not be included in determining compliance with the expense limitation of fourteen percent of bingo gross receipts provided in section 9-255.04.

Sec. 17. Section 9-255.04, Reissue Revised Statutes of Nebraska, is amended to read:

9-255.04. (1) No expense shall be incurred or amounts paid in connection with the conduct of bingo by a licensed organization except those which are reasonable and necessary.

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

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

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

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

(6) No expenses associated with the conduct of bingo may be paid directly from the licensed organization's pickle card checking account. A

licensed organization may transfer funds from its pickle card checking account to its bingo checking account as permitted by subsection (3) of this section by a check drawn on the pickle card checking account or by electronic funds transfer as provided only by section 9-347.

Sec. 18. Section 9-255.05, Reissue Revised Statutes of Nebraska, is amended to read:

9-255.05. (1) A licensed organization shall report annually to the department, on a form ~~supplied~~ prescribed by the department, a complete and accurate accounting of its gross receipts. The annual report shall demonstrate that the gross receipts less cash prizes paid have been retained in the organization's bingo checking account or expended solely for authorized expenses pursuant to section 9-255.04 or lawful purpose donations.

(2) The annual report shall cover the organization's bingo activities from July 1 through June 30 of each year ~~and~~ or such other period as the department may prescribe by rule and regulation. Such report shall be submitted to the department by August 15 of each year or such other date as the department may prescribe by rule and regulation.

~~(2)~~ (3) A copy of the report shall be submitted to the organization's membership. ~~of the licensed organization.~~

(4) Upon dissolution of a licensed organization or if a previously licensed organization does not renew its license to conduct bingo, its license renewal application is denied, or its license is canceled or revoked, all remaining profits derived from the conduct of bingo shall be utilized for a lawful purpose and shall not be distributed to any private individual or shareholder. A complete and accurate report of the organization's bingo activity shall be filed with the department, on a form prescribed by the department, no later than forty-five days after the date the organization is dissolved or no later than forty-five days after the expiration date of the license or the effective date of the license renewal application denial or license cancellation or revocation. The report shall cover the period from the end of the organization's most recent annual report filed through the date the organization is dissolved or the date the license renewal application has been denied or the license has been cancelled or revoked or has otherwise expired. The organization shall include with the report a plan for the disbursement of any remaining profits which shall be subject to approval by the department. Such plan shall identify the specific purposes for which the remaining profits will be utilized.

~~(3)~~ (5) In addition to the ~~annual report~~ reports required by ~~subsection (1)~~ subsections (1) and (4) of this section, the department may prescribe by rule ~~or~~ and regulation ~~additional periodic reporting as deemed necessary~~ the filing of a bingo revenue status report by August 15 of each year or such other date as the department may prescribe by rule and regulation, on a form prescribed by the department, listing all disbursements of bingo revenue until all such revenue has been expended either for allowable expenses or for a lawful purpose.

Sec. 19. Section 9-255.06, Revised Statutes Supplement, 2000, is amended to read:

9-255.06. (1) An individual, partnership, limited liability company, corporation, or organization which will be leasing a premises to one or more organizations for the conduct of bingo and which will receive more than two hundred fifty dollars per month as aggregate total rent from leasing such premises for the conduct of bingo shall first obtain a commercial lessor's license from the department. The license shall be applied for on a form prescribed by the department and shall contain:

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

(b) If the applicant is an individual, the applicant's social security number;

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

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

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

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

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

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

(b) Commencing October 1, 2001, the biennial license fee for a commercial lessor shall be two hundred dollars for each premises the applicant is seeking to lease pursuant to subsection (1) of this section.

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

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

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

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

Sec. 20. Section 9-255.08, Reissue Revised Statutes of Nebraska, is amended to read:

9-255.08. (1) A licensed distributor shall purchase or otherwise obtain bingo equipment only from a licensed manufacturer.

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

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

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

Sec. 21. Section 9-301, Reissue Revised Statutes of Nebraska, is amended to read:

9-301. Sections 9-301 to 9-356 and section 26 of this act shall be known and may be cited as the Nebraska Pickle Card Lottery Act.

Sec. 22. Section 9-304, Reissue Revised Statutes of Nebraska, is amended to read:

9-304. Allowable expenses shall mean:

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

(2) All office expenses;

(3) All promotional expenses;

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

(5) Any rental or lease expense;

(6) Any fee paid to any person associated with the operation of any

lottery by the sale of pickle cards, including any commission paid to a sales agent and any expense for which a sales agent is reimbursed;

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

(8) Any license fees paid to the department to license the organization, each utilization-of-funds member, and ~~any~~ each sales agent and any pickle card dispensing device registration fees paid to the department to register devices utilized at the licensed organization's designated premises or its bingo occasions; and

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

Sec. 23. Section 9-306.01, Reissue Revised Statutes of Nebraska, is amended to read:

9-306.01. Designated premises shall mean one location selected by a licensed organization at which individual pickle cards may be sold as opportunities for participation in a lottery by the sale of pickle cards. Only one of the following types of locations may be selected as a designated premises: (1) In the case of an organization holding a certificate of exemption under section 501(c)(3), (c)(4), or (c)(5) of the Internal Revenue Code or a volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad, one piece of real property which is owned, leased, or used by the organization as its principal office, which is in use by the organization primarily for purposes other than the conduct of gaming activities, and which is not used in connection with any other type of retail business activity other than an occasional sale as defined in section 77-2702.09; or (2) in the case of an organization holding a certificate of exemption under section 501(c)(7), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code, one piece of real property which is owned, leased, or used by the organization as its principal office and which is in use by the organization primarily for purposes other than the conduct of gaming activities. For purposes of this section, principal office shall mean the place where the principal affairs and business of the licensed organization are transacted, including where the officers and members assemble to discuss and transact the business of the organization, where its meetings are held, and generally where its records are kept.

Sec. 24. Section 9-309, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

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

(b) A corporation, trust, community chest, fund, or foundation:
 (i) Created or organized under the laws of Nebraska which has been in existence for five consecutive years immediately preceding the date of the donation and which has its principal office located in Nebraska;

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

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

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

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

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

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

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

(d) A volunteer fire ~~department~~ company or volunteer first-aid, rescue, ambulance, or emergency squad ~~or volunteer fire company~~ serving any

city, village, county, township, or rural or suburban fire protection district in Nebraska.

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

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

Sec. 25. Section 9-311, Reissue Revised Statutes of Nebraska, is amended to read:

9-311. Licensed organization shall mean ~~a~~ a nonprofit organization or volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad licensed to conduct a lottery by the sale of pickle cards under the Nebraska Pickle Card Lottery Act.

Sec. 26. Volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad shall mean a volunteer association or organization serving any city, village, county, township, or rural or suburban fire protection district in Nebraska by providing fire protection or emergency response services for the purpose of protecting human life, health, or property.

Sec. 27. Section 9-322, Revised Statutes Supplement, 2000, 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 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;

(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~~ a licensee or other person to cease and desist from violations of the Nebraska Pickle Card Lottery Act or any rules or

regulations adopted and promulgated pursuant to such 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. The notice of order shall be mailed by certified mail to or personally served upon the licensee or other person. If the notice of order is mailed by certified mail, the date the notice is mailed shall be deemed to be the date of service of notice to the licensee or other person. A request for a hearing by the licensee or other person shall be in writing and shall be filed with the department within thirty days after the service of the cease and desist order. If a request for hearing is not filed within the thirty-day period, the cease and desist order shall become permanent at the expiration of such period. A hearing shall be held not later than ~~seven~~ thirty 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, 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 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 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 collect license application and license renewal application fees imposed by the Nebraska Pickle Card Lottery Act and to prorate license fees on an annual basis. The department shall establish by rule and regulation the conditions and circumstances under which such fees may be prorated;

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

~~(12)~~ (13) 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)~~ (14) 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)~~ (15) To employ staff, including auditors and inspectors, as necessary to carry out the act.

Sec. 28. Section 9-322.02, Reissue Revised Statutes of Nebraska, is amended to read:

9-322.02. (1) Before any application is denied pursuant to section 9-322, the department shall notify the applicant in writing by certified mail of the department's intention to deny the application and the reasons for the denial. Such notice shall inform the applicant of his or her right to request an administrative hearing for the purpose of reconsideration of the intended denial of the application. The date the notice is mailed shall be deemed to be the date of service of notice to the applicant.

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

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

Sec. 29. Section 9-326, Reissue Revised Statutes of Nebraska, is amended to read:

9-326. (1) Any nonprofit organization holding a certificate of exemption under section 501(c)(3), (c)(4), (c)(5), (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad organized and operated pursuant to Chapter 35, article 1, may apply for a license to conduct a lottery by the sale of pickle cards.

(2) Prior to applying for any license, an organization shall:

(a) Be incorporated in this state as a not-for-profit corporation or organized in this state as a religious or not-for-profit organization. For purposes of this subsection, a domesticated foreign corporation shall not be considered incorporated in this state as a not-for-profit corporation;

(b) Conduct activities within this state in addition to the conduct of lottery by the sale of pickle cards;

(c) Be authorized by its constitution, articles, charter, or bylaws to further in this state a lawful purpose;

(d) Operate without profit to its members, and no part of the net earnings of such organization shall inure to the benefit of any private shareholder or individual; and

(e) Be With the exception of a volunteer fire department or an organization devoted solely to the operation of youth amateur athletics or company or volunteer first-aid, rescue, ambulance, or emergency squad, have been in existence in this state for five years immediately preceding its application for a license and have had during that five-year period a bona fide membership actively engaged in furthering a lawful purpose. A society defined in section 21-608 which is chartered in Nebraska under a state, grand, supreme, national, or other governing body may use the charter date of its

parent organization to satisfy such five-year requirement.

Sec. 30. Section 9-328, Revised Statutes Supplement, 2000, is amended to read:

9-328. (1)(a) Except as otherwise provided in this subsection, all licenses to conduct a lottery by the sale of pickle cards and licenses issued to utilization-of-funds members shall expire on September 30 of each year or such other date as the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted to the department at least forty-five days prior to the expiration date of the license unless such application only pertains to the conduct of a lottery by the sale of pickle cards at a special function as provided in section 9-345.01.

(b) Commencing October 1, 2001, a license to conduct a lottery by the sale of pickle cards issued to a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the Internal Revenue Code and any license issued to a utilization-of-funds member for such nonprofit organization shall be a biennial license, shall expire on September 30 of each odd-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. The biennial license fee for a utilization-of-funds member shall be forty dollars.

(c) Commencing October 1, 2002, a license to conduct a lottery by the sale of pickle cards issued to a nonprofit organization holding a certificate of exemption under section 501(c)(5), (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad ~~organized and operated pursuant to Chapter 35, article 1,~~ and any license issued to a utilization-of-funds member for such nonprofit organization or volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad shall be a biennial license, shall expire on September 30 of each even-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. The biennial license fee for a utilization-of-funds member shall be forty dollars.

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

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

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

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

(3)(a) Except as otherwise provided in this subsection, a license fee of one hundred dollars shall be charged for each Class I license, one hundred fifty dollars for each Class II license, and twenty dollars for a license for each utilization-of-funds member.

(b) Commencing October 1, 2001, a biennial license fee of two hundred dollars shall be charged for a Class I license issued to a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the Internal Revenue Code, and a biennial license fee of three hundred dollars shall be charged for a Class II license issued to a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the Internal Revenue Code. Commencing October 1, 2002, a biennial license fee of two hundred dollars shall be charged for a Class I license issued to a nonprofit organization holding a certificate of exemption under section 501(c)(5), (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad ~~organized and operated pursuant to Chapter 35, article 1,~~ and a biennial license fee of three hundred dollars shall be charged for a Class II license issued to a nonprofit organization holding a certificate of exemption under section 501(c)(5), (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad. ~~organized and operated pursuant to Chapter 35, article 1.~~

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

Sec. 31. Section 9-329, Revised Statutes Supplement, 2000, is amended to read:

9-329. (1) ~~No sales agent~~ Unless otherwise authorized by the department, no person shall market, sell, or deliver any pickle card unit to

any pickle card operator without first obtaining a sales agent license.

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

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

(4)(a) Except as otherwise provided in this subsection, a fee of fifty dollars shall be charged for each license issued pursuant to this section. The department shall remit the proceeds from such fee to the State Treasurer for credit to the Charitable Gaming Operations Fund. Such licenses shall expire on September 30 of each year or such other date which the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted to the department at least forty-five days prior to the expiration date of the license.

(b) Commencing October 1, 2001, a sales agent license issued to a person on behalf of a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the Internal Revenue Code shall be a biennial license, shall expire on September 30 of each odd-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. The biennial license fee for a sales agent shall be one hundred dollars. Commencing October 1, 2002, a sales agent license issued to a person on behalf of a nonprofit organization holding a certificate of exemption under section 501(c)(5), (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad organized and operated pursuant to Chapter 357, article 17 shall be a biennial license, shall expire on September 30 of each even-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. The biennial license fee for a sales agent license shall be one hundred dollars.

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

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

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

Sec. 32. Section 9-331, Reissue Revised Statutes of Nebraska, 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, 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, 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~~ thirty days of delivery.

Sec. 33. Section 9-340.02, Reissue Revised Statutes of Nebraska, is amended to read:

9-340.02. (1) All pickle card units purchased by a licensed organization from a licensed distributor shall be paid for by a check drawn on the pickle card bank account of the licensed organization either in advance of or upon delivery of the pickle card units.

(2) A licensed pickle card operator shall remit the definite profit, less not more than thirty percent of the definite profit as allowed by subsection (4) of section 9-347, of all pickle card units received to the sponsoring licensed organization by check either in advance of or upon delivery of the pickle card units from the sales agent to the pickle card operator. Upon delivery of the pickle card units, the sales agent shall issue the pickle card operator a standard receipt prescribed by the department.

(3) ~~Pickle~~ Unless otherwise authorized by the department, pickle card units shall be delivered by the sales agent to the a pickle card operator in any manner which results in a signed receipt from the pickle card operator, including only by a sales agent's personal delivery or by delivery arranged by a sales agent through the mail or by a common carrier.

(4) No licensed organization conducting a lottery by the sale of pickle cards shall extend credit in any form, including, but not limited to, the extension of any credit with regard to the receipt of the definite profit, less not more than thirty percent of the definite profit as allowed by subsection (4) of section 9-347, of a pickle card unit from a pickle card operator upon delivery of a pickle card unit to the pickle card operator and the extension of any credit with regard to the sale or lease of any equipment or coin-operated or currency-operated pickle card dispensing device used in connection with a lottery by the sale of pickle cards.

(5) All payments for the purchase, lease, or rental of a coin-operated or currency-operated pickle card dispensing device by a licensed organization shall be made by a check drawn on the organization's pickle card checking account.

(6) All payments for the purchase, lease, or rental of a coin-operated or currency-operated pickle card dispensing device by a licensed pickle card operator from a licensed organization shall be made by a check drawn on the business checking account of the pickle card operator or a personal checking account of an owner, partner, or officer of the pickle card operator, either at the time of or before placement of the device or on or before the first day of the period of the lease, whichever comes first.

(7) All lease or rental agreements between a licensed organization and a licensed pickle card operator for coin-operated or currency-operated pickle card dispensing devices shall be subject to approval by the department.

Sec. 34. Section 9-347, Reissue Revised Statutes of Nebraska, is amended to read:

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

(2) Not less than sixty-five percent or more than eighty percent of the gross proceeds of any lottery by the sale of pickle cards shall be used for the awarding of prizes.

(3) Not more than eight percent of the definite profit of a pickle card unit shall be used by the licensed organization to pay the allowable expenses of operating a lottery by the sale of pickle cards, except that license fees paid to the department to license the organization, each utilization-of-funds member, and any sales agent and pickle card dispensing device registration fees shall not be included in determining the eight-percent limitation on expenses and no portion of such eight percent

shall be used to pay any expenses associated with the sale of pickle cards at a bingo occasion conducted pursuant to the Nebraska Bingo Act, and of such eight percent not more than four percent of the definite profit may be used by the licensed organization for the payment of any commission, salary, or fee to a sales agent in connection with the marketing, sale, and delivery of a pickle card unit. When determining the eight percent of definite profit that is permitted to pay the allowable expenses of operating a lottery by the sale of pickle cards, the definite profit from the sale of pickle cards at the organization's bingo occasions shall not be included.

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

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

Sec. 35. Section 9-347.01, Reissue Revised Statutes of Nebraska, is amended to read:

9-347.01. (1) For each type of pickle card unit marketed in this state, the department shall determine the following: (a) When a licensed organization sells pickle cards through pickle card operators, the portion of the definite profit from that pickle card unit which shall go to the licensed organization, such amount to be not less than seventy percent of the definite profit from such pickle card unit; (b) the maximum amount of the definite profit from the sale of a pickle card unit that a licensed organization may pay a pickle card operator as a commission, fee, or salary to sell its pickle cards, such amount not to exceed thirty percent of the definite profit from such pickle card unit; (c) the portion of the definite profit from the sale of a pickle card unit which may be expended by a licensed organization for allowable expenses, such amount not to exceed eight percent of the definite profit from such pickle card unit; and (d) the portion of the definite profit from the sale of a pickle card unit which may be utilized by a licensed organization for payment of a the organization's sales agent, ~~selling pickle cards on behalf of the licensed organization~~, such amount to be a portion of the allowable expenses and not to exceed four percent of the definite profit from such pickle card unit.

(2) The licensed organization's net profit from the sale of a pickle card unit shall be used exclusively for a lawful purpose. A licensed organization shall not donate or promise to donate its net profit or any portion of the net profit to a recipient outside of its organization as an inducement for or in exchange for (a) a payment, gift, or other thing of value from the recipient to any person, organization, or corporation, including, but not limited to, the licensed organization or any of its members, employees, or agents, or (b) a pickle card operator's agreement to sell pickle cards on behalf of the licensed organization.

Sec. 36. Section 9-349, Reissue Revised Statutes of Nebraska, is amended to read:

9-349. (1) A licensed organization conducting a lottery by the sale

of pickle cards shall report annually to the department, on a form prescribed by the department, a complete and accurate accounting of its gross proceeds from the lottery by the sale of pickle cards. ~~on a form prescribed by the department.~~ The annual report shall demonstrate that the organization's definite profit from pickle card sales has been retained in the organization's pickle card checking account or expended solely for allowable expenses, unit costs, any pickle card operator commissions, lawful purpose donations, any license fees paid to the department to license the organization, each utilization-of-funds member, and any sales agent, coin-operated or currency-operated pickle card dispensing device registration fees, or any bingo expenses allocated to the sale of pickle cards as provided for in section 9-347. ~~A copy of the annual report shall be submitted to the organization's membership.~~

(2) The annual report shall cover the organization's lottery by the sale of pickle cards activities from July 1 through June 30 of each year ~~and~~ or such other period as the department may prescribe by rule and regulation. Such report shall be submitted to the department on or before August 15 of each year or such other date as the department may prescribe by rule and regulation.

(3) A copy of the report shall be submitted to the organization's membership.

(4) Upon dissolution of a licensed organization or if a previously licensed organization does not renew its license to conduct a lottery by the sale of pickle cards, its license renewal application is denied, or its license is canceled or revoked, all remaining profits derived from the conduct of the lottery by the sale of pickle cards shall be utilized for a lawful purpose and shall not be distributed to any private individual or shareholder. A complete and accurate report of the organization's pickle card activity shall be filed with the department, on a form prescribed by the department, no later than forty-five days after the date the organization is dissolved or no later than forty-five days after the expiration date of the license or the effective date of the license renewal application denial or license cancellation or revocation. The report shall cover the period from the end of the organization's most recent annual report filed through the date the organization is dissolved or the date the license renewal application has been denied or the license has been canceled or revoked or has otherwise expired. The organization shall include with the report a plan for the disbursement of any remaining profits which shall be subject to approval by the department. Such plan shall identify the specific purposes for which the remaining profits will be utilized.

(5) In addition to the reports required by subsections (1) and (4) of this section, the department may prescribe by rule and regulation the filing of a pickle card revenue status report by August 15 of each year or such other date as the department may prescribe by rule and regulation, on a form prescribed by the department, listing all disbursements of pickle card revenue until all such revenue has been expended either for allowable expenses or for a lawful purpose.

Sec. 37. Section 9-401, Reissue Revised Statutes of Nebraska, is amended to read:

9-401. Sections 9-401 to 9-437 and section 39 of this act shall be known and may be cited as the Nebraska Lottery and Raffle Act.

Sec. 38. Section 9-410, Reissue Revised Statutes of Nebraska, is amended to read:

9-410. Licensed organization shall mean a nonprofit organization or a volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad licensed to conduct a lottery or raffle under the Nebraska Lottery and Raffle Act.

Sec. 39. Volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad shall mean a volunteer association or organization serving any city, village, county, township, or rural or suburban fire protection district in Nebraska by providing fire protection or emergency response services for the purpose of protecting human life, health, or property.

Sec. 40. Section 9-418, Revised Statutes Supplement, 2000, 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 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 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 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;

(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 issue an order requiring a licensee, permittee, or other person to cease and desist from violations of the Nebraska Lottery and Raffle Act or any rules or regulations adopted and promulgated pursuant to such 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. The notice of order shall be mailed by certified mail to or personally served upon the licensee, permittee, or other person. If the notice of order is mailed by certified mail, the date the notice is mailed shall be deemed to be the date of service of notice to the licensee, permittee, or other person. A request for a hearing by the licensee, permittee, or other person shall be in writing and shall be filed with the department within thirty days after the service of the cease and desist order. If a request for hearing is not filed within the thirty-day period, the cease and desist order shall become permanent at the expiration of such period. A hearing shall be held not later than thirty 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 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)~~ (6) 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, 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 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)~~ (7) 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;

(8) To collect license application, license renewal application, and permit fees imposed by the Nebraska Lottery and Raffle Act and to prorate license fees on an annual basis. The department shall establish, by rule and regulation, the conditions and circumstances under which such fees may be prorated;

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

~~(8)~~ (10) 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. 41. Section 9-418.01, Reissue Revised Statutes of Nebraska, is amended to read:

9-418.01. (1) Before any application is denied pursuant to section 9-418, the department shall notify the applicant in writing by certified mail of the department's intention to deny the application and the reasons for the denial. Such notice shall inform the applicant of his or her right to request an administrative hearing for the purpose of reconsideration of the intended denial of the application. The date the notice is mailed shall be deemed to be the date of service of notice to the applicant.

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

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

Sec. 42. Section 9-423, Reissue Revised Statutes of Nebraska, is amended to read:

9-423. (1) Any nonprofit organization holding a certificate of exemption under section 501 of the Internal Revenue Code or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad organized and operated pursuant to Chapter 35, article 1, may apply for a license to conduct a lottery or raffle.

(2) Prior to applying for any license, an organization shall:

(a) Be incorporated in this state as a not-for-profit corporation or organized in this state as a religious or not-for-profit organization;

(b) Have at least ten members in good standing;

(c) Conduct activities within this state in addition to the conduct of lotteries or raffles;

(d) Be authorized by its constitution, articles, charter, or bylaws to further in this state a lawful purpose; and

(e) Operate without profit to its members, and no part of the net earnings of such organization shall inure to the benefit of any private shareholder or individual.

Sec. 43. Section 9-425, Revised Statutes Supplement, 2000, is amended to read:

9-425. (1) Except as otherwise provided in this section, all licenses to conduct a lottery or raffle and licenses issued to utilization-of-funds members shall expire on September 30 of each year or such other date as the department may prescribe by rule and regulation and may be renewed annually. An application for license renewal shall be submitted to the department at least thirty days prior to the starting date of the first lottery or raffle ticket sales for the license year. The department may issue a temporary license prior to receiving all necessary information from the applicant.

(2) Commencing October 1, 2001, a license to conduct a lottery or raffle issued to a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the Internal Revenue Code and any license issued to a utilization-of-funds member for such nonprofit organization shall be a biennial license, shall expire on September 30 of each odd-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. An organization seeking to renew its license must submit its application for renewal at least thirty days prior to the date the organization intends to begin selling lottery or raffle tickets in the new biennial licensing period. The biennial license fee ~~for a license~~ to conduct a lottery or raffle shall be thirty dollars and the biennial license fee for a utilization-of-funds member shall be forty dollars. Commencing October 1, 2002, a license to conduct a lottery or raffle issued to a nonprofit organization holding a certificate of exemption under section 501 of the Internal Revenue Code, other than a nonprofit organization holding a certificate of exemption under section 501(c)(3) or (c)(4) of the code, or any volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad, organized and operated pursuant to Chapter 35, article 1, and any license issued to a utilization-of-funds member for such nonprofit organization or volunteer fire company or volunteer first-aid, rescue, ambulance, or emergency squad shall be a biennial license, shall expire on September 30 of each even-numbered year or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. An organization seeking to renew its license must submit its application for renewal at least thirty days prior to the date the organization intends to begin selling lottery or raffle tickets in the new biennial licensing period. The biennial license fee ~~for a license~~ to conduct a lottery or raffle shall be thirty dollars and the biennial license fee for a utilization-of-funds member shall be forty dollars.

Sec. 44. Section 9-601, Reissue Revised Statutes of Nebraska, is amended to read:

9-601. Sections 9-601 to 9-653 and sections 46 to 49 of this act shall be known and may be cited as the Nebraska County and City Lottery Act.

Sec. 45. Section 9-603, Reissue Revised Statutes of Nebraska, is amended to read:

9-603. For purposes of the Nebraska County and City Lottery Act, the definitions found in sections 9-603.01 to 9-618 and sections 46 to 49 of this act shall be used.

Sec. 46. Authorized representative shall mean any person designated by the county, city, or village or a joint entity created by the county, city, or village by entering into an agreement pursuant to the Interlocal Cooperation Act to examine, sign, and approve a lottery worker license application for submission to the department.

Sec. 47. Governing official shall mean the chief executive officer of a county, city, village or any other elected or appointed official, including a governing board member, who has any decisionmaking responsibility regarding the conduct of the lottery.

Sec. 48. Keno manager shall mean the shift manager, supervisor, or person in charge of the daily operation of a keno game at a location.

Sec. 49. Lottery worker shall mean any person who performs work directly related to the conduct of a lottery, including, but not limited to, ticket writing, winning number selection, winning number verification, prize payment to winners, record keeping, shift checkout and review of keno writer banks, and security.

Sec. 50. Section 9-606.01, Reissue Revised Statutes of Nebraska, is amended to read:

9-606.01. License shall mean a license issued to any county, city, or village to conduct a lottery for community betterment purposes, any license

issued to any lottery operator, any license issued to any manufacturer-distributor, any license issued to ~~an~~ any authorized sales outlet location, and any license ~~to perform work directly related to the conduct of a lottery~~ issued to any lottery worker.

Sec. 51. Section 9-620, Revised Statutes Supplement, 2000, 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 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;

(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 a licensee or other person to cease and desist from violations of the Nebraska County and City Lottery Act or any rules or regulations adopted and promulgated pursuant to the 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. The notice of order shall be mailed by certified mail to or personally served upon the licensee or other person. If the notice of order is mailed by certified mail, the date the notice is mailed shall be deemed to be the date of service of notice to the licensee or other person. A request for a hearing by the licensee or other person shall be in writing and shall be filed with the department within thirty days after the service of the cease and desist order. If a request for hearing is not filed within the thirty-day period, the cease and desist order shall become permanent at the expiration of such period. A hearing shall be held not later than ~~seven~~ thirty 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 collect license application and license renewal application fees imposed by the Nebraska County and City Lottery Act and to prorate license fees on an annual basis. The department shall establish by rule and regulation the conditions and circumstances under which such fees may be prorated;

(11) To confiscate and seize lottery equipment or supplies pursuant to section 9-649;

~~(11)~~ (12) 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)~~ (13) To adopt and promulgate such rules and regulations and prescribe all forms as are necessary to carry out the act; and

~~(13)~~ (14) To employ staff, including auditors and inspectors, as necessary to carry out the act.

Sec. 52. Section 9-622, Reissue Revised Statutes of Nebraska, is amended to read:

9-622. (1) Before any application is denied pursuant to section 9-620, the department shall notify the applicant in writing by certified mail of the department's intention to deny the application and the reasons for the denial. Such notice shall inform the applicant of his or her right to request an administrative hearing for the purpose of reconsideration of the intended denial of the application. The date the notice is mailed shall be deemed to be the date of service of notice to the applicant.

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

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

Sec. 53. Section 9-625, Revised Statutes Supplement, 2001, is amended to read:

9-625. Any county, city, or village may establish and conduct a lottery if an election is first held pursuant to this section. Only one scheme or type of lottery may be conducted by a county, city, or village at one time. No county, city, or village shall establish and conduct a lottery until such course of action has been approved by a majority of the registered voters of such county, city, or village casting ballots on the issue at a regular election or a special election called by the governing board of the county, city, or village for such purpose. This section shall not be construed to prohibit any county, city, or village from conducting a lottery if such course of action was approved prior to July 17, 1986, by a majority of the registered voters of such county, city, or village casting ballots on the issue.

Any lottery established pursuant to this section which is authorized by an election held on or after October 1, 1989, pursuant to this section that is not in operation for any ~~four~~ ten consecutive years shall no longer be authorized under this section. If the voters in a county, city, or village approve a lottery on or after October 1, 1989, pursuant to this section but the lottery does not actually begin operation within ~~four~~ ten years of the date that the results of the election are certified, the lottery shall no longer be authorized under this section. Any lottery no longer authorized under this section because it did not operate within the ~~four-year~~ ten-year period provided in this section may be reauthorized by a majority vote of the registered voters of the county, city, or village casting ballots on the issue at a subsequent election pursuant to this section.

Except for any restriction imposed pursuant to section 9-643, any county, city, or village may conduct a lottery only within the boundaries of such county, city, or village, or within a licensed racetrack enclosure which abuts the corporate limits thereof or which is within the zoning jurisdiction of a city, except that nothing in this section shall prohibit a county, city, or village from entering into an agreement pursuant to the Interlocal Cooperation Act to conduct a joint lottery with another county, city, or village which has established a lottery in accordance with this section.

If any county, city, or village is conducting a lottery at the time it is consolidated into a municipal county and such county, city, or village is abolished as of the date of creation of the municipal county, the municipal county shall be subject to the same rights and obligations with respect to such lottery or lotteries as the counties, cities, and villages which were abolished, including any rights or obligations under lottery contracts of such counties, cities, and villages. Such lottery shall continue to be subject to all other provisions of the Nebraska County and City Lottery Act, except that such lottery shall not be expanded to any new location in any area of the municipal county where such lottery was not previously authorized before the consolidation unless such expansion has been approved by a majority of the registered voters of such municipal county voting at a regular election or a special election called by the governing board of the municipal county for such purpose.

Sec. 54. Section 9-631, Reissue Revised Statutes of Nebraska, is amended to read:

9-631. (1) All licenses issued to any county, city, or village to conduct a lottery and licenses issued to any lottery operator or any authorized sales outlet location shall expire on May 31 of every even-numbered

year, or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. All licenses issued to any lottery worker shall expire on May 31 of every odd-numbered year, or such other date as the department may prescribe by rule and regulation, and may be renewed biennially. ~~The biennial expiration date shall be September 30 of every odd-numbered year or such other date as the department may prescribe by rule or regulation.~~ Applications for renewal of a county, city, or village license, ~~and for a lottery operator license, an authorized sales outlet location license, or a lottery worker license~~ shall be submitted to the department at least sixty days prior to the expiration date of the license.

(2) A biennial license fee of one hundred dollars shall be charged for each license issued to any county, city, or village to conduct a lottery. A biennial license fee of five hundred dollars shall be charged for each license issued to a lottery operator. No license fee shall be charged for an authorized sales outlet location or a lottery worker license.

Sec. 55. Section 9-631.01, Reissue Revised Statutes of Nebraska, 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 a lottery worker 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 lottery worker license application has been filed with the department. The application shall be on a form prescribed by the department and shall include:~~

(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~~ applicant will be performing work;

(c) A description of the ~~person's~~ applicant'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, willful failure to make required payments or reports, or filing false reports to a governmental agency at any level; ~~and~~

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

(f) A statement signed by a governing official of the county, city, or village or the authorized representative signifying that such county, city, or village or authorized representative has examined the completed application and approved the application for submission to the department; and

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

(2) The applicant shall complete and forward the application to the county, city, or village or authorized representative. Upon receipt of the completed application the governing official of the county, city, or village or the authorized representative shall examine the application and, if the governing official of the county, city, or village or the authorized representative approves the application for submission to the department, shall sign and file the application with the department. If the application is approved by an authorized representative, a copy of the application or the information contained in the application shall be filed with the county, city, or village.

(3) ~~The~~ Either the department or and 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~~ correct. A county, city, village, or lottery operator shall notify the department if the person to whom the license was originally issued is no longer working for such county, city, village, or lottery operator.

(5) Falsification of information on the application by the applicant shall disqualify such applicant from ~~work directly related to the conduct of the lottery~~ being a lottery worker 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 as a lottery worker which shall be valid for a period of one hundred twenty days after the filing application is received by filed with the department unless such application is denied by the department. An application shall be considered filed with the department upon receipt by the department or as of the date postmarked or transmitted by electronic facsimile to the department if the application is received by the department within ten days after the date postmarked or electronically transmitted. An application postmarked or electronically transmitted but not received by the department after ten days shall not be considered filed. If proceedings to deny the license application pursuant to section 9-622 have not been initiated by the department during such probationary period, the applicant shall be granted a regular lottery worker 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 or unless the license otherwise becomes invalid upon notification by the county, city, village, or lottery operator that the person to whom the license was originally issued is no longer working for such county, city, village, or lottery operator. The cost of all investigations conducted by the department pursuant to this section shall be borne by the department.~~

~~(7) An applicant may obtain a license as a lottery worker for more than one county, city, or village conducting a lottery pursuant to the Nebraska County and City Lottery Act if a separate application has been filed for such applicant with respect to each such county, city, or village.~~

~~(8) A lottery worker license is nontransferable and shall no longer be valid if a person is no longer employed as a lottery worker by the county, city, or village for which the lottery worker license was obtained.~~

~~(9) A person holding a license as a lottery worker under the Nebraska County and City Lottery Act shall not be connected with or interested in, directly or indirectly, any individual, sole proprietorship, partnership, limited liability company, corporation, or other party licensed as a distributor, manufacturer, or manufacturer-distributor under section 9-255.07, 9-255.09, 9-330, 9-332, or 9-632.~~

Sec. 56. Section 9-642.01, Reissue Revised Statutes of Nebraska, is amended to read:

9-642.01. (1) Prior to a county, city, village, or lottery operator conducting a lottery at a location other than the location of the lottery operator (a) the county, city, or village shall, by ordinance or resolution, establish qualification standards which shall be met by any individual, sole proprietorship, partnership, limited liability company, or corporation seeking to have its location qualify as an authorized sales outlet location for conducting a lottery and (b) the county, city, or village shall approve or disapprove each sales outlet location and individual, sole proprietorship, partnership, limited liability company, or corporation which desires to conduct the lottery at its sales outlet location solely on the basis of the qualification standards. A copy of the ordinance or resolution setting forth the qualification standards shall be filed with the department within thirty days of its adoption. A county, city, or village shall notify the department of all approved lottery locations within thirty days of approval.

(2) An authorized sales outlet location shall obtain a license issued by the department prior to conducting any lottery activity at such location pursuant to the Nebraska County and City Lottery Act. An applicant for a license as an authorized sales outlet location shall apply on a form prescribed by the department containing the information the department deems necessary, including documentation that reflects that the location has been approved by the county, city, or village in accordance with the qualification standards required by this section. If the applicant is an individual, the application shall include the applicant's social security number. ~~No fee shall be charged for such license. All licenses for authorized sales outlet locations shall expire on September 30 of every odd-numbered year or such other date as the department may prescribe by rule and regulation and may be renewed biennially. An application for license renewal shall be submitted to the department at least sixty days prior to the expiration date of the license.~~

(3) 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 correct.

Sec. 57. Section 9-653, Reissue Revised Statutes of Nebraska, is amended to read:

9-653. (1) Except in accordance with a proper judicial order or as otherwise provided by this section or other law, it shall be a Class I

misdemeanor for the Tax Commissioner or any employee or agent of the Tax Commissioner to make known, in any manner whatsoever, the contents of any reports or records submitted by a licensed manufacturer-distributor or the contents of any personal history reports submitted by any licensee or license applicant to the department pursuant to the Nebraska County and City Lottery Act and any rules and regulations adopted and promulgated pursuant to the act.

(2) Nothing in this section shall be construed to prohibit (a) the delivery to a licensee, his or her duly authorized representative, or his or her successors, receivers, trustees, personal representatives, administrators, assignees, or guarantors, if directly interested, of a certified copy of any report or record, (b) the publication of statistics so classified as to prevent the identification of particular reports or records, (c) the inspection by the Attorney General, a county attorney, or other legal representative of the state of reports or records submitted by a licensed manufacturer-distributor when information on the reports or records is considered by the Attorney General, county attorney, or other legal representative to be relevant to any action or proceeding instituted by the licensee or against whom an action or proceeding is being considered or has been commenced by any state agency or county, (d) the furnishing of any information to the United States Government or to states allowing similar privileges to the Tax Commissioner, (e) the disclosure of information and records to a collection agency contracting with the Tax Commissioner for the collection of delinquent taxes under the act, (f) the publication or disclosure of final administrative opinions and orders made by the Tax Commissioner in the adjudication of license denials, suspensions, cancellations, or revocations or the levying of fines, (g) the release of any application, without the contents of any submitted personal history report or social security number, filed with the department to obtain a license to conduct activities under the act, which application shall be deemed a public record, (h) the release of any report filed by a licensed county, city, village, or lottery operator pursuant to the act, which report shall be deemed a public record, or (i) the notification of an applicant, a licensee, or a licensee's duly authorized representative of the existence of and the grounds for any administrative action to deny the license application of, to revoke, cancel, or suspend the license of, or to levy an administrative fine upon any agent or employee of the applicant, the licensee, or any other person upon whom the applicant or licensee relies to conduct activities authorized by the act.

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

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

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

Sec. 58. Sections 14 and 60 of this act become operative on October 1, 2002. The other sections of this act become operative on their effective date.

Sec. 59. Original sections 9-201, 9-204.03, 9-211, 9-213, 9-214.01, 9-226.01, 9-231, 9-232.01, 9-241.05, 9-255.02, 9-255.04, 9-255.05, 9-255.08, 9-301, 9-304, 9-306.01, 9-309, 9-311, 9-322.02, 9-326, 9-331, 9-340.02, 9-347, 9-347.01, 9-349, 9-401, 9-410, 9-418.01, 9-423, 9-601, 9-603, 9-606.01, 9-622, 9-631, 9-631.01, 9-642.01, and 9-653, Reissue Revised Statutes of Nebraska, sections 9-1,104, 9-226, 9-232.02, 9-255.06, 9-322, 9-328, 9-329, 9-418, 9-425, and 9-620, Revised Statutes Supplement, 2000, and sections 9-230.01 and 9-625, Revised Statutes Supplement, 2001, are repealed.

Sec. 60. Original section 9-233, Revised Statutes Supplement, 2000, is repealed.