

## LEGISLATIVE BILL 563

Approved by the Governor May 25, 1993

Introduced by Schellpeper, 18; Will, 8

AN ACT relating to gambling; to amend sections 9-601, 9-606.01, 9-621, 9-623, 9-630 to 9-632, 9-636, 9-639, 9-642 to 9-643, 9-646, 9-648, 9-650, 9-652, and 9-653, Reissue Revised Statutes of Nebraska, 1943, sections 9-1,104, 9-607, 9-620, and 9-810, Reissue Revised Statutes of Nebraska, 1943, as amended by sections 1, 14, 15, and 26, respectively, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, and section 9-812, Revised Statutes Supplement, 1992, as amended by section 28, Legislative Bill 138, Ninety-third Legislature, First Session, 1993; to provide for fingerprinting, criminal history record information checks, personal history reports, background investigations, and facility inspections as prescribed; to provide for costs of investigations and inspections; to define and redefine terms; to change powers and duties of the Department of Revenue; to change application procedures for certain lottery operators; to change license renewal provisions; to provide for additional licenses under the Nebraska County and City Lottery Act; to eliminate provisions relating to the construction of tickets; to prohibit certain acts relating to the play and operation of lotteries; to restrict the use of interest on lottery proceeds and change record-keeping requirements; to change provisions relating to certain violations; to change restrictions on the sale of lottery tickets and provisions relating to the use of the Education Innovation Fund under the State Lottery Act; to harmonize provisions; to provide operative dates; to repeal the original sections; and to declare an emergency.

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

Section 1. That section 9-1,104, Reissue Revised Statutes of Nebraska, 1943, as amended by section 1, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, be amended to read as follows:

9-1,104. (1) Any person applying for or holding a contract or license (a) as a distributor, gaming manager, or manufacturer pursuant to the Nebraska Bingo Act, (b) as a distributor, manufacturer, pickle card operator, or sales agent pursuant to the Nebraska Pickle Card Lottery Act, (c) as a lottery operator, ~~or~~ 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, and or lottery operator shall also submit a personal history report to the department on a form provided by the department and may be subject to a background investigation, an inspection of the applicant's or licensee's facilities, or both.

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

(b) Notwithstanding the provisions of this section, background investigations shall not be required of any debt holder which is a financial institution authorized to conduct business in the State of Nebraska by the Department of Banking and Finance.

(3) A person applying for or holding a license as a pickle card operator, lottery operator, or sales outlet location shall be subject to fingerprinting and a check of his or her criminal history record information maintained by the Identification Division of the Federal

Bureau of Investigation through the Nebraska State Patrol ~~such requirement~~ only if such an investigation has not been performed by the Nebraska Liquor Control Commission.

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

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

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

Sec. 2. That section 9-601, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-601. Sections 9-601 to 9-653 and sections 10 and 18 of this act shall be known and may be cited as the Nebraska County and City Lottery Act.

Sec. 3. That section 9-606.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

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

Sec. 4. That section 9-607, Reissue Revised Statutes of Nebraska, 1943, as amended by section 14, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, be amended to read as follows:

9-607. (1) Lottery shall mean a gambling scheme in which;  
 (a) ~~the~~ The players pay or agree to pay something of value for an opportunity to win; ;  
 (b) ~~winning~~ Winning opportunities are represented by tickets; ;  
 (c) ~~winners~~ Winners are solely determined by one of the following two methods:  
 (i) By a random drawing of tickets differentiated by

sequential enumeration from a receptacle by hand whereby each ticket has an equal chance of being chosen in the drawing; or

(ii) ~~by~~ By use of a game known as keno in which a player selects up to twenty numbers from a total of eighty numbers on a paper ticket and a computer, other electronic selection device, or electrically operated blower machine which is not player-activated randomly selects up to twenty numbers from the same pool of eighty numbers and the winning players are determined by the correct matching of the numbers on the paper ticket selected by the players with the numbers randomly selected by the computer, other electronic selection device, or electrically operated blower machine, except that no keno game shall permit or require player access or activation of lottery equipment and the random selection of numbers by the computer, other electronic selection device, or electrically operated blower machine shall not occur within five minutes of the completion of the previous selection of random numbers; ; and

(d) ~~the~~ The holders of the winning paper tickets are to receive cash or prizes redeemable for cash. Selection of a winner or winners shall be predicated solely on chance.

(2) Lottery shall not include:

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

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

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

(3) Notwithstanding the requirement in subdivision (1)(c)(ii) of this section that a player select up to twenty numbers, a player may select more than twenty numbers on a paper ticket when a top or bottom, left or right, edge, or way ticket is played. For a top or bottom ticket, the player shall select all numbers from one through forty or all numbers from forty-one through eighty. For a left or right ticket, the player shall select all numbers ending in one through five or all numbers ending in six through zero. For an edge ticket, the player shall select all of the numbers comprising the outside edge of the ticket. For a way ticket, the player shall select a combination of groups of numbers in multiple ways on a single ticket. ~~subsections (1) and (2) of this section, any county, city, or village lottery operation in existence and operating on March 1, 1989, which would not meet the requirements of subsection (1) of this section or the requirement in section 9-625 that only one scheme or type of lottery be conducted may continue in operation until January 1, 1991. Such operation shall be restricted to operation upon the same terms as existed on March 1, 1989, and the operation of the lottery shall comply with the~~

other provisions of the Nebraska County and City Lottery Act.

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

Sec. 5. That section 9-620, Reissue Revised Statutes of Nebraska, 1943, as amended by section 15, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, be amended to read as follows:

9-620. The department shall have the following powers, functions, and duties:

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

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

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

(c) ~~obtained~~ Obtained a license or permit pursuant to

such acts by fraud, misrepresentation, or concealment;

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

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

(f) ~~Denied~~ the department or its authorized representatives, including authorized law enforcement agencies, access to any place where 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~~ (f) ~~made~~ a misrepresentation of or failed to disclose a material fact to the department;

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

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

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

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

(l) Failed to demonstrate, either individually or in the case of a business entity 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, or employee 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

vide retirement or pension plan established pursuant to Chapter 400 of the Internal Revenue Code of 1986, as amended, from such licensee for past or present services in a consulting capacity or otherwise, or any person with a substantial interest therein in the licensee:

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

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

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

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

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

(f) ~~Denied~~ the department or its authorized representatives, including authorized law enforcement agencies, access to any place where 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~~ (f) made a misrepresentation of or failed to disclose a material fact to the department;

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

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

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

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

(4) To issue and cause to be served upon any ~~license holder~~ licensee an order requiring the ~~license holder~~ licensee to cease and desist from violations of the ~~act~~ Nebraska County and City Lottery

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

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

(6) To enter or to authorize any law enforcement officer to enter at any time upon any premises where 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, 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. 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 pursuant to section 9-648 in the same manner as provided for sales and use taxes in the Nebraska Revenue Act of 1967;

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

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

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

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

Sec. 6. That section 9-621, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-621. (1) All money collected by the department as an administrative fine shall be remitted on a monthly basis to the State Treasurer for credit to the permanent school fund.

(2) Any administrative fine ~~imposed~~ levied under section 9-620 and unpaid shall constitute a debt to the State of Nebraska which may be collected by lien foreclosure or sued for and recovered in any proper form of action in the name of the State of Nebraska in the district court of the county in which the violator resides or owns property.

Sec. 7. That section 9-623, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-623. Before the adoption, amendment, or repeal of any rule or regulation, the suspension, revocation, or cancellation of any

license pursuant to section 9-620, or the ~~imposition~~ levying of an administrative fine pursuant to such section, the department shall set the matter for hearing. Such suspension, revocation, or cancellation proceedings or proceedings to ~~impose~~ levy an administrative fine shall be contested cases pursuant to the Administrative Procedure Act.

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

Sec. 8. That section 9-630, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

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

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

- (a) The name and address of the applicant;
- (b) A certified copy of the election results at which the lottery was approved by a majority of the registered voters of the county, city, or village in the manner prescribed in section 9-625;
- (c) Any approval by ordinance or resolution approved by a governing board of a county, city, or village sanctioning the conduct of a lottery;
- (d) The names, addresses, and dates of birth of each person employed by the county, city, or village to conduct the lottery;
- (e) The name and address of at least one person employed by the county, city, or village who shall represent the county, city, or village in all matters with the department regarding the conduct of the lottery;
- (f) A written statement describing the type of lottery to be conducted by the county, city, or village;
- (g) If the county, city, or village enters into a written agreement with a lottery operator:
  - (i) A copy of each proposal submitted to the county, city, or village by any individual, sole proprietorship, partnership, or corporation to operate the lottery; and
  - (ii) A copy of the proposed contract or written agreement between the county, city, or village and the chosen lottery operator; and
- (h) Any other information which the department deems necessary.

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

- (a) The name, address, social security number, and date of birth of every individual who is the lottery operator, ~~or~~ the sole proprietor, a partner, or a corporate officer of the lottery operator, or a

person or entity holding in the aggregate ten percent or more of the debt or equity of the lottery operator if a corporation; ~~or an employee of the lottery operator;~~

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

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

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

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

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

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

Sec. 9. That section 9-631, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-631. (1) All licenses issued to any county, city, or village to conduct a lottery and licenses issued to any lottery operator 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 shall be submitted to the department ~~on or before August 15 of every odd-numbered year~~ 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.

Sec. 10. (1) No person shall be eligible to perform any work directly related to the conduct of a lottery unless he or she has completed, signed, and filed with the department and the county, city, or village, if required by the county, city or village, an application prepared by the department which includes:

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

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

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

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

felony or misdemeanor involving fraud, theft, or any gambling activity; and

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

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

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

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

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

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

Sec. 11. That section 9-632, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

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

(2) The department shall charge a biennial license fee of one thousand five hundred twenty-five dollars for the issuance or renewal of a manufacturer-distributor license. The department shall remit the proceeds from such license fees shall be deposited in to the State Treasurer for credit to the Charitable Gaming Operations Fund. All manufacturer-distributor licenses may be renewed biennially. The biennial expiration date shall be September 30 of every odd-numbered year or such other date as the department may prescribe by rule and regulation. An application for license renewal shall be submitted to the department on or before August 15 of every odd-numbered year at least forty-five

days prior to the expiration date of the license.

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

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

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

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

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

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

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

Sec. 12. That section 9-636, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-636. (1) ~~Scrape-off or rub-off tickets used in a lottery conducted pursuant to the Nebraska County and City Lottery Act shall be constructed so that it is impossible to determine the covered or concealed number, letter, symbol, configuration, or combination thereof on the ticket, until it has been dispensed to and scraped or rubbed by the player, by any method or device, including, but not limited to, the use of a marking, variance in size, variance in paper fiber, or light.~~

~~(2) All scrape-off or rub-off tickets shall be constructed to ensure that, when offered for sale to the public, the ticket is virtually opaque and free of security defects so that winning tickets cannot be determined, prior to being scraped or rubbed, through the use of high-intensity lights or any other method.~~

(3) All lottery supplies shall be constructed to conform in all other respects to the provisions and specifications imposed by the act Nebraska County and City Lottery Act and the rules and regulations adopted and promulgated pursuant to the act as to the manufacture, assembly, printing, and packaging of lottery supplies.

(2) (4) Any lottery supplies which do not conform in all

respects to the requirements of the act and any other specifications imposed by the department by rule and regulation shall be contraband goods for purposes of section 9-649.

Sec. 13. That section 9-639, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-639. No manufacturer-distributor shall be licensed to conduct any other activity under the Nebraska County and City Lottery Act. No manufacturer-distributor shall hold a license to conduct any other kind of gambling activity which is authorized or regulated under Chapter 9 except as provided in section 9-632. No manufacturer-distributor or employee, agent, or spouse of any manufacturer-distributor shall play in any lottery conducted by any county, city, or village or participate in the conduct or operation of any lottery conducted by any county, city, or village or any other kind of gambling activity which is authorized or regulated under Chapter 9 except to the exclusive extent of his or her statutory duties as a licensed manufacturer-distributor and as provided in sections 9-233.01, 9-235, 9-330, and 9-332.

Sec. 14. That section 9-642, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-642. (1) No individual sole proprietor, partner in a partnership, or officer or director of a corporation, or individual with a substantial interest in a sole proprietorship, partnership, or corporation applying for a lottery operator license or licensed as a lottery operator shall be connected with or interested in, directly or indirectly, any person, partnership, firm, corporation, or other party licensed as a distributor, manufacturer, or manufacturer-distributor under section 9-233.01, 9-235, 9-330, 9-332, or 9-632.

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

Sec. 15. That section 9-642.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

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, or corporation seeking to have its location qualify as an authorized sales outlet location for conducting a lottery and ~~(2)~~ (b) the county, city, or village shall approve or disapprove each sales outlet location and individual, sole proprietorship, partnership, 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. 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.

Sec. 16. That section 9-643, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-643. (1) Any county, city, or village may, by resolution or ordinance, tax, regulate, control, or prohibit any lottery conducted pursuant to the Nebraska County and City Lottery Act within the boundaries of such county, city, or village, except that no county may impose a tax or otherwise regulate, control, or prohibit any lottery within the corporate limits of a city or village. Any tax imposed pursuant to this subsection shall be remitted to the general fund of the county, city, or village imposing such tax.

(2) Nothing in this section shall be construed to authorize any lottery ~~or raffle~~ not otherwise authorized under Nebraska law.

Sec. 17. That section 9-646, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

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

(2) A county, city, or village which authorizes the conduct of a lottery shall establish by ordinance or resolution the limitations, if any, on the playing of any lottery conducted by the county, city, or village by:

~~(a) Any~~ any member of the governing board, a governing official, or the immediate family of such member or official. †

~~(b) Any lottery operator with whom the county, city, or village contracts to conduct its lottery or his or her immediate family, employees, or agents; and~~

~~(c) Any person having ownership interest in a sales outlet location or any employee thereof.~~

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

city, village, lottery operator, or authorized sales outlet location shall play the lottery of the county, city, or village for which he or she performs work during such time as he or she is actually working at such lottery or while on duty.

Sec. 18. No lottery operator, sales outlet location, county, city, or village accepting wagers on a lottery conducted pursuant to the Nebraska County and City Lottery Act shall extend credit from the gross proceeds of a lottery to participants in the lottery for the purchase of lottery tickets. No person shall be allowed to purchase any lottery ticket or make any wager pursuant to the act unless he or she pays for such ticket or wager with cash. For purposes of this section, cash shall mean United States currency having the same face value as the price of the ticket or wager.

Sec. 19. That section 9-648, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-648. Any county, city, or village which conducts a lottery shall submit to the department on a quarterly basis a tax of two percent of the gross proceeds. Such tax shall be remitted not later than thirty days from the close of the preceding quarter on forms provided by the department. The department shall remit the tax to the State Treasurer for credit and shall be credited to the Charitable Gaming Operations Fund. All deficiencies of the tax imposed by this section shall accrue interest and be subject to a penalty as provided for sales and use taxes in the Nebraska Revenue Act of 1967.

Sec. 20. That section 9-650, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-650. The gross proceeds of any lottery, less the amount awarded in prizes and any salary, fee, or commission paid to a licensed lottery operator plus any interest on such funds, shall be segregated from any other revenue and placed in a separate account of the lottery operator and the county, city, or village. If a lottery operator is conducting a lottery on behalf of a county, city, or village, such proceeds, including any interest, shall be transferred from the lottery operator's separate account to a separate account of the county, city, or village. Any interest received by a county, city, or village from the proceeds of the lottery shall be used solely for community betterment purposes.

Separate records shall be maintained by such licensed county, city, or village. Records required by the Nebraska County and City Lottery Act shall be preserved for at least three years unless otherwise provided by rules and regulations adopted and promulgated by the department. Any law enforcement agency or other agency of government shall have the authority to investigate the records relating to lotteries and gross proceeds from such lottery at any time. Any county, city, or village shall, upon proper written request, deliver all such records to the department or other law enforcement agency for investigation.

Sec. 21. That section 9-652, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-652. (1) Except when another penalty is specifically



provided, any person, lottery operator, manufacturer-distributor, other licensee, or employee or agent of any person or licensee who knowingly or intentionally violates any provision of the Nebraska County and City Lottery Act shall be guilty of a Class I misdemeanor for the first offense and a Class IV felony for any second or subsequent violation. Any licensee guilty of violating the act more than once in a twelve-month period shall have its license canceled or revoked.

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

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

(b) Employing Intentionally employing or possessing any device to facilitate cheating in any lottery or using any fraudulent scheme or technique in connection with any lottery when the amount gained or intended to be gained through the use of such device, scheme, or technique ~~results in a person obtaining over five~~ exceeds one hundred dollars;

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

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

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

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

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

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

Sec. 22. That section 9-653, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

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 ~~imposition~~ levying of fines, (g) the release of any application, without the contents of any submitted personal history report, filed with the department to obtain a license to conduct activities under the act, which application shall be deemed a public record, or (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.

(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. 23. That section 9-810, Reissue Revised Statutes of Nebraska, 1943, as amended by section 26, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, be amended to read as follows:

9-810. (1) A person under nineteen years of age shall not purchase a lottery ticket. No lottery ticket shall be sold to any person under nineteen years of age. ~~For purposes of making a gift, a person nineteen years of age or older may purchase a lottery ticket for the benefit of a person under nineteen years of age.~~ No person shall purchase a lottery ticket for a person under nineteen years of age, and no person shall purchase a lottery ticket for the benefit of a person under nineteen years of age.

(2) No lottery ticket shall be sold and no prize shall be awarded to the Tax Commissioner, the director, or any employee of the division or any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of abode of the Tax Commissioner, the director, or any employee of the division.

(3) With respect to a lottery game retailer under contract to sell lottery tickets whose rental payment for premises is contractually computed in whole or in part on the basis of a percentage of retail sales and when the computation of retail sales is not explicitly defined to include the sale of lottery tickets, the amount of retail sales for lottery tickets by the retailer for purposes of such a computation may not exceed the amount of compensation received by the retailer from the division.

(4) Once any prize is awarded in conformance with the State Lottery Act and any rules and regulations adopted under the act, the state shall have no further liability with respect to that prize.

(5) Prior to the payment of any lottery prize in excess of five hundred dollars for a winning lottery ticket presented for redemption to the division, the division shall check the name and social security number of the winner with a list provided by the Department of Revenue of people identified as having an outstanding state tax liability and a list of people certified by the Department of Social Services as owing a debt as defined in section 77-27,161. The division shall credit any such lottery prize against any outstanding state tax liability owed by such winner and the balance of such prize amount, if any, shall be paid to the winner by the division. The division shall credit any such lottery prize against any certified debt in the manner set forth in sections 77-27,160 to 77-27,173. If the winner has both an outstanding state tax liability and a certified debt, the division shall add the liability and the debt together and pay the appropriate agency or person a share of the prize in the proportion that the liability or debt owed to the agency or person is to the total liability and debt.

Sec. 24. That section 9-812, Revised Statutes Supplement, 1992, as amended by section 28, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, be amended to read as follows:

9-812. (1) All money received from the operation of lottery

games conducted pursuant to the State Lottery Act in Nebraska shall be deposited in the State Lottery Operation Trust Fund, which fund is hereby created. All payments of expenses of the operation of the lottery games shall be made from the State Lottery Operation Trust Fund, except that in accordance with legislative appropriations, money for payments for internal operating expenses of the division shall be transferred from the State Lottery Operation Trust Fund to the State Lottery Operation Revolving Fund, which fund is hereby created. All money necessary for the payment of lottery prizes shall be transferred from the State Lottery Operation Trust Fund to the State Lottery Prize Trust Fund, which fund is hereby created. The amount used for the payment of lottery prizes shall not be less than forty percent of the dollar amount of the lottery tickets which have been sold. Of the money remaining after the payment of prizes and operating expenses, the State Treasurer shall transfer from the State Lottery Operation Trust Fund to the General Fund an amount equal to the initial appropriation to the State Lottery Operation Trust Fund with interest at the rate specified in section 5, Legislative Bill 1, Ninety-second Legislature, Fourth Special Session, 1992, as such rate may from time to time be adjusted. After the General Fund is repaid, at least twenty-five percent of the dollar amount of the lottery tickets which have been sold on an annualized basis shall be transferred to the Education Innovation Fund, the Solid Waste Landfill Closure Assistance Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund. Forty-nine and one-half percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Education Innovation Fund. Beginning on July 15, 1993, and continuing through July 1, 1997, twenty-four and one-half percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Solid Waste Landfill Closure Assistance Fund and twenty-five percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Nebraska Environmental Trust Fund to be used as provided in the Nebraska Environmental Trust Act. After July 1, 1997, forty-nine and one-half percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Nebraska Environmental Trust Fund to be used as provided in the Nebraska Environmental Trust Act. One percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Compulsive Gamblers Assistance Fund to be used as provided in subsection (4) of this section.

(2) The Education Innovation Fund is hereby created. Each fiscal year beginning with fiscal year 1994-95, at least seventy-five percent of the lottery proceeds allocated to the Education Innovation Fund shall be available for disbursement. The Education Innovation Fund shall be allocated by the Governor through incentive grants to encourage the development of strategic school improvement plans by school districts for accomplishing high performance learning and to encourage schools to establish innovations in programs or practices that result in restructuring of school organization, school management, and

instructional programs which bring about improvement in the quality of education. Such grants are intended to provide selected school districts, teachers or groups of teachers, nonprofit educational foundations organizations, educational service units, or cooperatives funding for the allowable costs of implementing pilot projects and model programs.

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

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

(a) Professional staff development programs to provide funds for teacher and administrator training and continuing education to upgrade teaching and administrative skills;

(b) The development of ~~local~~ strategic school improvement plans by school districts;

(c) Educational technology assistance to public schools for the purchase and operation of computers, telecommunications equipment and services, and other forms of technological innovation which may enhance classroom teaching, instructional management, and districtwide administration. Such telecommunications equipment, services, and forms of technical innovation shall be approved by the State Department of Education in consultation with the Department of Administrative Services to insure compatibility of technologies and compliance with statewide priorities;

(d) An educational accountability program to develop an educational indicators system to measure the performance and outcomes of public schools and to ensure efficiency in operations;

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

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

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

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

(i) Increased involvement of the community in order to

achieve increased confidence in and satisfaction with its schools;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) The Compulsive Gamblers Assistance Fund is hereby created. The fund shall be administered by the Director of the Division on Compulsive Gambling to carry out the purposes of sections 29 to 33 of this act.

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

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

Sec. 25. Sections 1 to 22 and 26 of this act shall become operative on October 1, 1993. The other sections of this act shall become operative on their effective date.

Sec. 26. That original sections 9-601, 9-606.01, 9-621, 9-623, 9-630 to 9-632, 9-636, 9-639, 9-642 to 9-643, 9-646, 9-648, 9-650, 9-652, and 9-653, Reissue Revised Statutes of Nebraska, 1943, and sections 9-1,104, 9-607, and 9-620, Reissue Revised Statutes of Nebraska, 1943, as amended by sections 1, 14, and 15, respectively, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, are repealed.

Sec. 27. That original section 9-810, Reissue Revised Statutes of Nebraska, 1943, as amended by section 26, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, and section 9-812, Revised Statutes Supplement, 1992, as amended by section 28, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, are repealed.

Sec. 28. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.