

# VIDEO KENO INITIATIVE PETITION

## Sworn Statement of Petition Sponsors

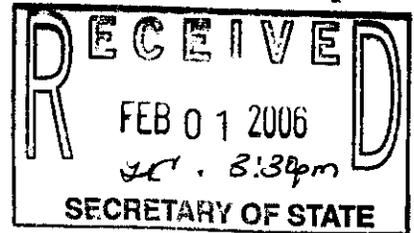
The undersigned hereby swear and affirm that following are the names and street addresses of every person, corporation or association sponsoring the initiative petition to authorize video keno.

Advanced Gaming Technologies, Inc.  
3915 Harrison Street  
Bellevue, NE 68147

Big Red Lottery Services Ltd.  
11248 John Galt Boulevard  
Omaha, NE 68137

Hastings Keno, Inc.  
1216 West "J" Street  
Hastings, NE 68901

Papillion Keno, Inc.  
1211 North Monroe Street  
Papillion, NE 68059



**Advanced Gaming Technologies, Inc.**

By: *John D. Hassett*  
John D. Hassett, President

**Hastings Keno, Inc.**

By: *Michael J. Nevrivy*  
Michael J. Nevrivy, President

**Big Red Lottery Services Ltd. by Big Red Lottery Services Inc. as Managing General Partner**

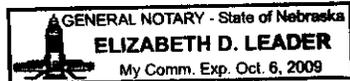
By: *Daniel G. Pankow*  
Daniel G. Pankow, President

**Papillion Keno, Inc.**

By: *Steven K. Willey*  
Steven K. Willey, President

State of Nebraska )  
 ) ss.  
County of Douglas )

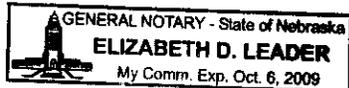
The foregoing statement was subscribed and sworn to before me this 31<sup>st</sup> day of January, 2006 by John D. Hassett, President of Advanced Gaming Technologies, Inc., a Nebraska corporation, on behalf of the corporation.



Elizabeth D. Leader  
Notary Public

State of Nebraska )  
 ) ss.  
County of Douglas )

The foregoing statement was subscribed and sworn to before me this 31<sup>st</sup> day of January, 2006 by Daniel G. Pankow, President of Big Red Lottery Services Inc., a Nebraska corporation, on behalf of the corporation as Managing General Partner of Big Red Lottery Services Ltd., a Nebraska limited partnership, on behalf of the partnership.



Elizabeth D. Leader  
Notary Public

State of Nebraska )  
 ) ss.  
County of Adams )

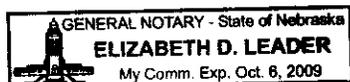
The foregoing statement was subscribed and sworn to before me this 31 day of January, 2006 by Michael J. Nevriy, President of Hastings Keno, Inc., a Nebraska corporation, on behalf of the corporation.



Glenda McMurray  
Notary Public

State of Nebraska )  
 ) ss.  
County of Douglas )

The foregoing statement was subscribed and sworn to before me this 31<sup>st</sup> day of January, 2006 by Steven K. Willey, President of Papillion Keno, Inc., a Nebraska corporation, on behalf of the corporation.



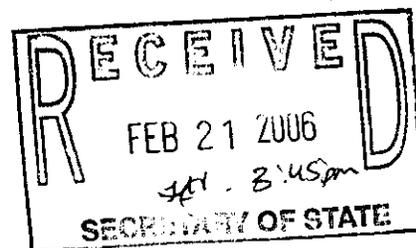
Elizabeth D. Leader  
Notary Public

# Nebraskans for Video Keno

11248 John Galt Blvd  
Omaha NE 68137  
402-537-9455

February 21, 2006

Neal Erickson  
Deputy Secretary of State for Elections  
Suite 2300  
State Capitol  
Lincoln, NE 68509



Via e-mail and hand delivery

RE: Initiative to authorize Video Keno – Final Language

Dear Neal:

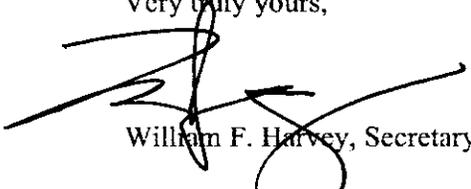
Enclosed please find the final language for our initiative petition, which was originally submitted on February 1, 2006.

We reviewed the version of the petition language prepared by the Revisor of Statutes and sent to us on February 10, 2006. On Tuesday, February 14, 2006, I spoke to the Revisor and discussed a few questions we had about the language she had proposed. Based on that conversation, the Revisor's office prepared the enclosed revised draft, transmitted to us on Wednesday, February 15, which we are now submitting as our final petition language, and asking you to put this into camera-ready petition form.

On behalf of myself and our committee, I extend my thanks to you and everyone at the Secretary of State's office, and to the Revisor, and everyone in her office, for your and their efforts in helping us through this process. In particular, we appreciate the work of the Revisor's office in taking our petition concepts and helping us put them into language that is acceptable under the Nebraska Constitution and existing law.

Neal, I look forward to working with you and your staff as we continue this process.

Very truly yours,



William F. Harvey, Secretary

c: John Hassett, Mark Munger, Mike Nevrivy, Steve Willey

# **VIDEO KENO INITIATIVE PETITION**

## **Object Statement**

**OBJECT STATEMENT: To authorize video keno.**

A BILL

FOR AN ACT relating to the Nebraska County and City Lottery Act; to amend sections 9-607, 9-613, 9-643, 9-648, and 9-650, Reissue Revised Statutes of Nebraska, and sections 9-601, 9-603, and 9-625, Revised Statutes Cumulative Supplement, 2004; to provide for the conduct of video keno lottery; to change provisions relating to keno; to change provisions relating to taxation and use of proceeds; to harmonize provisions; and to repeal the original sections.

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

Section 1. Section 9-601, Revised Statutes Cumulative Supplement, 2004, is amended to read:

9-601 Sections 9-601 to 9-653 and sections 3 and 7 of this act shall be known and may be cited as the Nebraska County and City Lottery Act.

Sec. 2. Section 9-603, Revised Statutes Cumulative Supplement, 2004, is amended to read:

9-603 For purposes of the Nebraska County and City Lottery Act, the definitions found in sections 9-603.02 to 9-618 and section 3 of this act shall be used.

Sec. 3. Gross gaming revenue means gross proceeds minus (1) prizes, (2) any prize reserves established by the county, city, village, or lottery operator, and (3) any federal tax imposed on the video keno lottery.

Sec. 4. Section 9-607, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

(b) Winning opportunities are represented by tickets or displayed on a video player station;

(c) 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 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 under this subdivision 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~~ or

(iii) By use of a game known as video keno in which each player selects or quick-picks numbers from a total of eighty numbers displayed on a video player station and a computer or other electronic selection device randomly selects numbers from the same pool of eighty numbers and the winning plays are determined by the correct matching of the numbers selected by the player with the numbers randomly selected by the computer or other electronic selection device and displayed on the video player station;

~~(d)~~ (d)(i) The holders of the winning paper tickets are to receive cash or prizes redeemable for cash; or

(ii) Amounts won are shown as credits on a video player station and may be either (A) replayed or (B) printed on a paper ticket which may be redeemed for cash or replayed; and -

(e) Selection of a winner or winners shall be predicated solely on chance.

(2) Lottery shall not include:

(a) Any gambling scheme, other than video keno, 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 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 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.

(4) A county, city, or village conducting a keno lottery under subdivision (1)(c)(ii) of this section 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. Section 9-613, Reissue Revised Statutes of Nebraska, is amended to read:

9-613 Lottery equipment shall mean all proprietary devices, machines, video player stations, and parts used in the manufacture or maintenance of equipment which is used in and is an integral part of the conduct of any lottery activity authorized or regulated under the Nebraska County and City Lottery Act.

Sec. 6. Section 9-625, Revised Statutes Cumulative Supplement, 2004, is amended to read:

9-625 (1) 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.

(2) 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 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 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 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.

(3) 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.

(4) A county, city, or village may conduct only one scheme or type of lottery under subdivision (1)(c) of section 9-607 at one time, except that a county, city, or village may choose to conduct a lottery under both subdivisions (1)(c)(ii) and (iii) of section 9-607 concurrently. A county, city, or village that is authorized to conduct a lottery as provided in this section may conduct a lottery under subdivision (1)(c)(iii) of section 9-607 without another election.

(5) 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. 7. (1) A county, city, or village which conducts a video keno lottery may authorize the use of one or more video player stations.

(2) Each video player station may (a) permit or require player access and activation, (b) accept cash or a winning ticket from the player to initiate play, (c) have a separate computer or other electronic device for the random selection of numbers, and (d) be self-contained or networked with other video player stations. Each video player station shall be capable of being centrally monitored by the department.

(3) The county, city, or village may determine the required time interval, if any, between each random selection of numbers in a video keno lottery.

(4) The department shall establish and operate a monitoring system for all video player stations used for video keno lottery in the state. The monitoring system shall include the ability for counties, cities, villages, and lottery operators to obtain information from the monitoring system for reporting, monitoring, and auditing and also for operation of combined progressive or jackpot games.

Sec. 8. Section 9-643, Reissue Revised Statutes of Nebraska, is amended to read:

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 (a) no county may impose a tax or otherwise regulate, control, or prohibit any lottery within the corporate limits of a city or village and (b) no tax may be imposed under this section for a video keno lottery. 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 not otherwise authorized under Nebraska law.

Sec. 9. Section 9-648, Reissue Revised Statutes of Nebraska, is amended to read:

9-648 ~~Any~~ (1) Except as provided in subsection (2) of this section, 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~~

(2) Any county, city, or village which conducts a video keno lottery pursuant to subdivision (1)(c)(iii) of section 9-607 shall submit to the department on a quarterly basis a tax of nine percent of the gross gaming

revenue. If the video keno lottery is operated by a lottery operator, the tax imposed by this subsection shall be paid only from amounts remitted to the county, city, or village by the lottery operator under subsection (2) of section 9-650.

(3) The taxes imposed by this section 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. The State Treasurer shall credit ten percent of the tax remitted under subsection (2) of this section to the Compulsive Gamblers Assistance Fund and credit the remainder of the tax remitted under this section for credit 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. 10. Section 9-650, Reissue Revised Statutes of Nebraska, is amended to read:

9-650 (1) 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 except as otherwise provided in subsection (2) of this section. Any interest received by a county, city, or village from the proceeds of the lottery shall be used solely for community betterment purposes.

(2) If a video keno lottery is operated by a lottery operator pursuant to subdivision (1)(c)(iii) of section 9-607, the county, city, or village shall require the lottery operator to remit thirty-six percent of the gross gaming revenue on a monthly basis to the county, city, or village in lieu of any other local gaming or amusement tax or contractually agreed amount which might otherwise apply to the video keno lottery, and the lottery operator shall retain the remainder of the gross gaming revenue. Out of that remainder, the lottery operator shall deduct and retain fourteen percent of the gross gaming revenue as a service fee for video keno lottery conducted at a sales outlet location, and any remaining amount shall be divided equally between the lottery operator and the sales outlet location. The sales outlet location shall be responsible for depositing cash from the video player station to a separate account established by the lottery operator and shall be responsible for the cost of any required bond or other security.

(3) 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. 11. Original sections 9-607, 9-613, 9-643, 9-648, and 9-650, Reissue Revised Statutes of Nebraska, and sections 9-601, 9-603, and 9-625, Revised Statutes Cumulative Supplement, 2004, are repealed.