

FINANCIAL IMPACT OF THE CHARITABLE LOTTERIES INITIATIVE

FINANCIAL IMPACT – CANNOT BE DETERMINED

OVERVIEW

The Charitable Lotteries Initiative (Initiative) proposes to amend Chapter 462 of the *Nevada Revised Statutes*, which govern charitable lotteries conducted throughout the state of Nevada, to provide exclusive exemptions from several provisions contained within that chapter to the “Charity Partner’s Giving Foundation”, in order to allow this nonprofit corporation to conduct common office betting pools over the Internet.

FINANCIAL IMPACT OF THE INITIATIVE

The provisions of the Initiative, if enacted, would allow “Charity Partner’s Giving Foundation” (Foundation), a Nevada nonprofit corporation, an exclusive exemption to allow this nonprofit corporation to conduct common office pools over the Internet. The Initiative would also exclude this corporation from the annual \$500,000 maximum value on prizes that may be offered in charitable lotteries operated by a qualified organization during a calendar year, pursuant to NRS 462.140.

The provisions of the Initiative would require distribution of 20 percent of the Foundation’s annual net proceeds (gross revenue less total prizes issued) to the University of Nevada, Las Vegas, and the University of Nevada, Reno. An additional 15 percent of the corporation’s annual net proceeds would be distributed to teachers and college students for grants, awards, and zero-interest loans, to other designated local and national charities, and for other purposes.

The provisions of the Initiative allowing the Foundation an exemption to current statutes in order to conduct common office betting pools over the Internet do not provide a definition of what would be considered a “common office betting pool.” Additionally, it is not clear whether these pools could be offered to persons residing outside of Nevada, based on the federal limitations on Internet wagering under the Interstate Wire Act of 1961 (18 U.S.C. 1084). Because the Initiative does not specify the types of wagering activities that would be permitted, and because the Fiscal Analysis Division cannot determine the amount of wagering that may occur based upon the potential limitations in federal law, the amount of gross or net revenue that could be generated by the Foundation cannot be estimated. Thus, the resultant effect upon state government based on the distributions of net revenue specified in the Initiative cannot be determined with any reasonable degree of certainty.

Under current law, the provisions contained within Chapter 462 of the *Nevada Revised Statutes* are regulated and enforced by the State Gaming Control Board. Enactment of the Initiative may require additional one-time and ongoing costs related to the administration and enforcement of the provisions contained within the Initiative; however, the Fiscal Analysis Division cannot determine the amount of additional resources that may be required by the Board, nor the resultant financial impact upon state government, with any reasonable degree of certainty.

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