

Initiative 421: Authorizing Video Keno

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Background

Under the Nebraska County and City Lottery Act, cities, counties and villages have the local option to establish a lottery or keno. A share of the gambling proceeds are paid to the local government which can be used for community betterment or to reduce local property taxes. Currently, 138 cities, counties and villages (including Lincoln and Omaha) have authorized keno. Keno is played in 438 locations (often bars) with 165 in Omaha alone. In the last year gross keno wagering was \$185 million, with keno operators receiving \$22 million, local governments \$16 million and the state of Nebraska \$3 million. Initiative 421 would amend the Nebraska County and City Lottery Act by authorizing video keno.

In traditional keno, players select and mark between 1-15 numbers out of 80 on their keno card. The card is handed by the player to a keno writer, the player places the wager and receives a ticket. The keno writer enters the wager on the video monitor. The house then chooses 20 numbers from the field of 80, sometimes by a tumbler plucking numbered table tennis balls, and sometimes by computer. Drawings are held every five minutes by state law. A keno player's winnings depend upon how many correct numbers the player selected and how large the bet was.

Video keno has neither the keno writer nor the five minute delay. Video keno players enter their numbers on a touch screen computer, insert their coins and play. Any winnings may be redeemed or may be used in another round. The rapid play of video keno is very similar to video slot machines, which are illegal in Nebraska but which Iowa al-

lows on riverboat casinos, including Missouri River casinos near Omaha.

Initiative 421 is supported by keno operators and municipalities, who expect that the faster video keno play would generate more keno wagers. Initiative 421 is opposed by gambling opponents, who expect the faster play to lead to additional gambling addiction. Nebraska Attorney General John Bruning has determined that Initiative 421 violates article III section 24 of the Nebraska Constitution by authorizing electronic gaming devices through statute, instead of by the required constitutional amendment. If Initiative 421 is approved by voters, the Attorney General will very likely challenge its constitutionality in court.

Official Ballot Language

Initiative Measure 421

A vote "FOR" will amend the Nebraska County and City Lottery Act to authorize the use of video keno gaming devices. A vote "AGAINST" will not cause the Nebraska County and City Lottery Act to be amended to authorize the use of video keno gaming devices.

Shall the Nebraska County and City Lottery Act be amended to: (1) Authorize video keno player stations where players insert cash or a winning ticket to select or quick pick numbers from eighty numbers displayed on a video player station and an electronic selection device randomly selects numbers from the same pool of eighty numbers, with winning plays determined by matching the player-

selected numbers with the numbers randomly selected by the electronic selection device; (2) Impose a tax on video keno revenues; and (3) Provide for distribution of video keno revenues to counties, cities, or villages and lottery operators.

_____ For

_____ Against

Sources and References

Tim Elfrink. "That beep, beep isn't slots but video keno." Omaha World Herald. Sept. 23, 2006.

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Nebraska Secretary of State. "Informational Pamphlet on Initiative and Referendum Measures Appearing on the 2006 General Election Ballot." October 2006. Available at www.sos.state.ne.us/elec/.

Martha Stoddard and Leslie Reed. "Aim of keno proposal is easier access for all." Omaha World Herald. Aug. 29, 2006.