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Governor

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Notice to Licensees Pickle Card Dispensing Devices

Enclosed is a Nebraska Registration and Report of Pickle Card Dispensing Devices, Form 50F, which must be completed and submitted to Charitable Gaming Services of the Nebraska Department of Revenue in order to obtain registration decals for coin-operated and currency-operated pickle card dispensing devices in use at your location. These devices must be registered with the Department each year prior to being used to dispense individual pickle cards. The annual registration fee is \$50.00 for each dispensing device in use at your location.

RESPONSIBILITY FOR REGISTRATION OF THE DISPENSING DEVICES

The responsibility for registration of a pickle card dispensing device is based upon where the device is being used. It is the responsibility of a business licensed as a pickle card operator to prepare the Form 50F and pay the required fee if the pickle card dispensing device is used at the pickle card operator's location, even though the device may not be owned by the pickle card operator. It is the responsibility of a licensed organization to prepare the Form 50F and pay the required fee if the pickle card dispensing device is used at the licensed organization's designated premises or bingo location. If a pickle card operator is renting, leasing or purchasing the pickle card dispensing device from a licensed organization, a copy of the written rental, lease or sales agreement between the licensed organization and the pickle card operator must accompany the Form 50F. **The \$50.00 registration fee may not be paid on behalf of a licensed pickle card operator by a licensed organization, manufacturer, distributor, or any other person.**

If a dispensing device is moved from one pickle card operator location to another location with different ownership, the device must be re-registered with the Department by filing a new Form 50F and submitting the \$50.00 registration fee. If a dispensing device is moved from one pickle card operator location to another pickle card operator location with the same ownership, the relocation of the device must be reported to the Department by filing a new Form 50F. The \$50.00 registration fee would not apply under these circumstances. If a business licensed as a pickle card operator changes ownership and the new ownership desires to continue using a dispensing device previously registered by the former owner, the device must be re-registered with the Department by filing a new Form 50F and a copy of the new written rental or lease agreement with the licensed organization, if applicable. The \$50.00 registration fee would not apply under these circumstances.

REGISTRATION DECALS

Each pickle card dispensing device in use at a pickle card operator's location or a licensed organization's location must bear a current registration decal issued by the Department. The decal must be conspicuously and permanently affixed to the device and may not be affixed by tape or any other means. **The backing on each decal must be removed in order to permanently affix the decal to the pickle card dispensing device.** Decals are **not** transferable. Any person who places a pickle card dispensing device in operation in the State of Nebraska without the necessary decal conspicuously and permanently affixed to the device, is subject to an administrative penalty of \$30.00 and the device may be sealed or seized by the Department.

REPLACEMENT DISPENSING DEVICES

If a pickle card dispensing device is inoperable and cannot be repaired, any permanent replacement device placed into use must be registered with the Department. For each permanent replacement device, the \$50.00 registration fee is required unless there are extenuating circumstances which may warrant waiver of the registration fee by the Department. Remember, registration decals are not transferable and cannot be removed from an inoperable device and affixed to a replacement device.

If a pickle card dispensing device is inoperable and will be **temporarily** out-of-service, a **temporary replacement device** may be used for up to 30 days or until the original device has been repaired and returned to use, whichever occurs first. Under this circumstance, the \$50.00 registration fee will not be required for the temporary replacement device. The licensed organization or pickle card operator that is using a replacement device on a temporary basis must notify the Department in writing of the following: (1) The name and address of the licensed organization or pickle card operator involved; (2) The state identification number of the licensed pickle card operator or licensed organization involved; (3) A detailed description of the temporary replacement device including serial number, if applicable; (4) The number of the current registration decal on the device that is temporarily out-of-service; and (5) The date the temporary replacement device was placed into service. Such notification must be made within five working days of the date the temporary replacement device is placed into service.

9-063-1988 Rev. 10-2001 Supersedes 9-063-1988 Rev. 2-2000

PURCHASE, LEASE OR RENTAL OF DISPENSING DEVICES

A pickle card operator selling individual pickle cards through a coin or currency-operated pickle card dispensing device must purchase, lease, or rent its own equipment. If a dispensing device is obtained from a licensed organization or licensed distributor of pickle cards, it must be purchased, leased, or rented at a rate not less than fair market value. **A licensed organization or licensed distributor may not provide the dispensing device to a pickle card operator free of charge or at a rate less than fair market value. All payments for the purchase, lease, or rental of a pickle card dispensing device by a pickle card operator from a licensed organization must be made by check drawn on the business checking account of the pickle card operator or a personal checking account of an owner. Payments must be made on or before the placement of the device and on or before the first day of lease or rental period. The extension of credit by a licensed organization to a pickle card operator with respect to the purchase, lease, or rental of a pickle card dispensing device is prohibited.**

To determine a fair market value monthly lease or rental rate for the initial placement of a dispensing device by a licensed organization at the location of a pickle card operator, divide the licensed organization's cost by 36. The licensed organization may not reduce the rental or lease rate of the device at the location of a pickle card operator within 3 years of the date the device is first placed in service. If the dispensing device is moved to the location of another pickle card operator, the monthly lease or rental rate must remain the same. Assistance regarding the determination of fair market value may be obtained from the Department.

CLASS II LICENSEES

A Class II lottery by pickle card licensee is allowed to perform certain services for a pickle card operator selling its pickle cards through a coin- or currency-operated dispensing device. The provision of these additional services to a pickle card operator is optional. The following services may be provided:

- Open dispensing devices, remove the money, and count the gross receipts in the device for deposit.
- Prepare the bank deposit for the pickle card operator.
- Make the bank deposit for the pickle card operator.
- Account for and reconcile the pickle cards in the dispensing device.
- Record the meter readings of the dispensing device.
- Reconcile the prizes paid from the pickle card operator's cash register to the actual winning pickle cards retained by the pickle card operator.

Only a licensed sales agent is allowed to perform these additional services. A licensed organization may NOT charge a pickle card operator for these services nor may a pickle card operator voluntarily pay the licensed organization or a sales agent for these services. A sales agent is still limited to a maximum commission of four percent of the definite profit. Reimbursement to a sales agent for reasonable and necessary expenses incurred in the performance of these services would be permissible to the extent that the licensed organization does not exceed the overall eight percent of definite profit limitation on expenses. A sales agent must maintain detailed records of his or her travel and related expenses. Actual reimbursement is subject to approval of the licensed organization.

SERVICE AND REPAIR OF COIN- OR CURRENCY-OPERATED PICKLE CARD DISPENSING DEVICES

If a licensed organization is leasing or renting a pickle card dispensing device to a pickle card operator which sells the licensed organization's pickle cards, it is permissible for the licensed organization to service and repair the device. All costs experienced by the licensed organization, if not reimbursed by the pickle card operator, are considered expenses of operating the lottery and must be accounted for in the eight percent of definite profit limitation on expenses.

If a pickle card operator owns a dispensing device, it is permissible for a licensed organization whose cards are sold through the device to service and repair the device, provided a written agreement is executed between the licensed organization and the pickle card operator setting forth all terms and conditions under which the service and repairs will be provided. The agreement must set forth all costs associated with the service and repairs and such costs must not be less than fair market value. All agreements for the service and repair of pickle card dispensing devices are subject to review and approval by the Department.

AGE RESTRICTIONS

An individual must be at least 18 years of age to play or participate in a lottery by the sale of pickle cards. Pickle card dispensing devices should be placed so that illegal access by those under 18 can be monitored. A person who knowingly permits an individual under 18 years of age to play or participate in a lottery by the sale of pickle cards is subject to criminal prosecution or possible administrative sanctions, including an administrative fine and/or license suspension, cancellation, or revocation.

If you have any questions, please contact Charitable Gaming Services of the Nebraska Department of Revenue, telephone (402) 471-5937 or toll free (877) 564-1315.