

ELIMINATION OF PRINTED PAY TICKETS

Issue:

Is it permissible for a county, city, village, lottery operator, or sales outlet location to eliminate the printing of pay tickets in a keno lottery?

Conclusion:

The Nebraska Department of Revenue (Department) may authorize a county, city, village, lottery operator, or sales outlet location to discontinue the printing of pay tickets. Prior to a county, city, village, lottery operator, or sales outlet location discontinuing the printing of pay tickets, a written request for authorization must be submitted to the Department. The request must include a description of an alternative method for the documentation of the payment of winnings authorized by the keno system, and the verification of the winning ticket and its subsequent authorization by keno management, if required. The original outside ticket issued to the player must still be presented for payment. A request to discontinue the printing of pay tickets submitted by a lottery operator or sales outlet location must have the written concurrence of the sponsoring county, city, or village.

Definitions:

Inside Ticket. The ticket completed by the player and given to the keno writer in order to make a wager.

Keno Runner. A licensed lottery worker, other than a keno writer on duty, who accepts an inside ticket and payment of wager from a player, transports this ticket and wager to a keno writer station to place the wager, and returns to the player the resulting outside ticket.

Keno Writer. A licensed lottery worker who accepts inside tickets or verbal requests for wagers and payments of wagers from players or from keno runners, issues outside tickets, voids tickets, and redeems winning tickets.

Outside Ticket. The computer-generated ticket which contains the game number, date, dollar amount of wager, the numbers chosen by the player, ticket sequence number, writer station number, etc.

Transaction Log. A record of all transactions entered on the keno system. The transaction log includes, but is not limited to, all outside ticket information, ticket processing, voided tickets, game closing time, game results, payout, and all other information required by Department regulations to be entered on the transaction log.

Analysis:

Current Statutory and Regulatory Requirements

[Neb. Rev. Stat. § 9-607\(1\)](#) of the Nebraska County and City Lottery Act defines lottery and the types of lotteries which are authorized under the Act. Subsection (1)(c)(ii) defines keno as follows:

(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 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 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. [emphasis added]

There is no statutory requirement regarding the printing of pay tickets. The statutory requirement for a paper ticket in § 9-607(1) would not be compromised if the Department authorized a county, city, village, lottery operator, or sales outlet location to discontinue the printing of a paper pay ticket as evidence of the payment of a winning ticket. The paper ticket requirement in § 9-607(1)(c)(ii) relates to the computer-generated ticket which represents the player's wager (outside ticket) and it would continue to be printed. Currently, a pay ticket is printed by the keno system when a player presents his or her winning outside ticket for payment. The printed pay ticket is attached to the player's outside ticket and is retained by the sponsoring county, city, or village in accordance with [Records Retention Schedule 59](#):

59-11 OUTSIDE COPIES OF NET WINNING TICKETS OF \$1,500.00 OR MORE WITH PAY TICKETS AND INSIDE TICKETS

An outside ticket is the computer-generated ticket which contains the game number, date, dollar amount of wager, the numbers chosen by the player, ticket sequence number, writer station number, etc. An inside ticket is the ticket completed by the player and given to the keno writer in order to make a wager.

INSIDE TICKETS: May be disposed of at discretion of sponsoring County, City or Village.

OUTSIDE COPIES OF NET WINNING TICKETS OF \$1,500.00 OR MORE WITH PAY TICKETS: Dispose of after 3 years, provided audit has been completed.

The [Nebraska County and City Lottery Regulations](#) contain several references to pay tickets:

- 35-613.06C All payments of winnings shall be supported by the outside ticket and a pay ticket generated by the keno system.
- 35-613.06D A manual report or exception log shall be maintained documenting any winnings paid on outside tickets which were not authorized by the keno system and are not supported by a pay ticket generated by the system.
- 35-613.06E Winning outside tickets of \$500.00 and over require the keno manager to approve the payout by entering the appropriate authorization into the keno system.

613.06E(1) In conjunction with the required keno system approval, wins of \$500.00 to \$2,999.99 require the signature of the keno manager on the pay ticket.

- 35-613.06G Winning tickets of \$3,000.00 or more require approval of the lottery operator or a keno manager evidenced by his or her signature on the pay ticket to document performance of the following:

613.06G(1) In the case of a ball draw method of winning number selection, review of the videotape or digital recording of rabbit ears or receptacle to verify the legitimacy of the draw and the accuracy of the draw ticket;

613.06G(2) Comparison of the winning outside ticket to the transaction log or proof of win generated by the keno system; and

613.06G(3) Regrading of the outside ticket using the payout schedule and draw information.

- 35-619.01E If a county, city, village, or lottery operator desires to use keno runners, the county, city, or village is to approve the use of keno runners as proposed and submit a written request from the county, city, village, or lottery operator detailing the circumstances under which the keno runners will be used for the Department's approval, subject to the following conditions:

619.01E(1) Any keno runner's activity must be limited to the structural premises where the keno game is licensed to be conducted.

619.01E(2) If a keno runner functions only as a courier to transport wagers, tickets, and prize payouts, such runner must obtain the signature of the winning player on any pay ticket acknowledging receipt of his or her winnings. Such signed pay ticket is to be turned in by the keno runner and attached to

the outside ticket in the same manner as all other pay tickets. The Department may authorize other methods for receipting payment of winners by keno runners upon written request from a county, city, village, or lottery operator.

619.01E(3) If the keno runner functions as a keno writer and is authorized to write, void, and pay tickets, such individual shall comply with all winner verification procedures prescribed in Reg-35-613.06 and keno check out standards prescribed in Reg-35-615.

619.01E(4) The location must post rules for wagers placed with keno runners which include a statement limiting management's liability with respect to game closings. This is necessary since the runner cannot always guarantee that the wager will be made on the game number requested by the player. In the alternative, a game board or video display with a countdown feature posted in each area serviced by keno runners would notify the players of the amount of time remaining before game closing to minimize this occurrence.

619.01E(5) A licensed lottery operator for a county, city, or village approved for the use of keno runners may allow such individuals to make change, pay winning tickets, and such other tasks as are appropriate for a keno writer.

619.01E(6) Any individual who is designated as a keno runner must be licensed as a lottery worker and perform all tasks appropriate to the duties the runner is assigned.

Regulation 35-613.07D(3) states:

All ticket processing, game results, pay information, and any other information required by these regulations to be entered on the transaction log may be kept on paper or on digital, electronic, magnetic, optical or any other recording medium approved by the county, city, or village and the Department, so long as the transaction log remains capable of being reviewed and printed. The default method of recording the transaction log shall be to print the log on paper concurrently with each transaction. If the county, city, or village approves a method of recording the transaction log other than concurrent printing, such approval with the specifications of the proposed record keeping system shall be provided to the Department for approval prior to discontinuing concurrent printing of the transaction log. Those specifications shall include a plan for making the transaction log available for keno compliance procedures. The transaction log shall be retained for a minimum of three years and be secured in an area other than the location where the keno game is conducted.

The purpose for which pay tickets are printed, namely, documenting that the payment of winnings was proper, is satisfied by other keno system functions, including recording of all keno tickets, wins, and payment of winnings on the transaction log.

APPROVED:



Douglas A. Ewald
Tax Commissioner

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