

AMENDMENTS TO LB415

(Amendments to Standing Committee amendments, AM545)

Introduced by von Gillern, 4.

1        1. Strike sections 5, 6, 7, 8, 9, and 10 and insert the following  
2 new sections:

3        **Sec. 5.** Section 9-1104, Revised Statutes Cumulative Supplement,  
4 2024, is amended to read:

5        9-1104 (1) The operation of games of chance at a licensed racetrack  
6 enclosure may be conducted by an authorized gaming operator who holds an  
7 authorized gaming operator license.

8        (2) No more than one authorized gaming operator license shall be  
9 granted for each licensed racetrack enclosure within the state. It shall  
10 not be a requirement that the person or entity applying for or to be  
11 granted such authorized gaming operator license hold a racing license or  
12 be the same person or entity who operates the licensed racetrack  
13 enclosure at which such authorized gaming operator license shall be  
14 granted.

15        (3) Gaming devices, limited gaming devices, and all other games of  
16 chance may be operated by authorized gaming operators at a licensed  
17 racetrack enclosure.

18        (4) No person younger than twenty-one years of age shall play or  
19 participate in any way in any game of chance or use any gaming device or  
20 limited gaming device at a licensed racetrack enclosure.

21        (5) No authorized gaming operator shall permit an individual younger  
22 than twenty-one years of age to play or participate in any game of chance  
23 or use any gaming device or limited gaming device conducted or operated  
24 pursuant to the Nebraska Racetrack Gaming Act.

25        (6) If the licensed racetrack enclosure at which such authorized  
26 gaming operator conducts games of chance does not hold the minimum number

1 of live racing meets required under section 2-1205, the authorized gaming  
2 operator shall be required to cease operating games of chance at such  
3 licensed racetrack enclosure until such time as the commission determines  
4 the deficiency has been corrected.

5 (7) Beginning on the implementation date designated by the Tax  
6 Commissioner pursuant to subsection (1) of section 9-1312, prior to the  
7 winnings payment of any casino winnings as defined in section 9-1303, an  
8 authorized gaming operator shall check the collection system to determine  
9 if the winner has a debt or an outstanding state ~~tax~~ liability as  
10 required by the Gambling Winnings Setoff for Outstanding Debt Act. If  
11 such authorized gaming operator determines that the winner is subject to  
12 the collection system, the operator shall deduct the amount of debt and  
13 outstanding state ~~tax~~ liability identified in the collection system from  
14 the winnings payment and shall remit the net winnings payment of casino  
15 winnings, if any, to the winner and the amount deducted to the Department  
16 of Revenue to be credited against such debt or outstanding state ~~tax~~  
17 liability as provided in section 9-1306.

18 **Sec. 6.** Section 9-1110, Revised Statutes Cumulative Supplement,  
19 2024, is amended to read:

20 9-1110 (1) The commission may permit an authorized gaming operator  
21 to conduct sports wagering. Any sports wager shall be placed in person or  
22 at a wagering kiosk in the designated sports wagering area at the  
23 licensed racetrack enclosure. A parimutuel wager in accordance with  
24 sections 2-1201 to 2-1218 may be placed in the designated sports wagering  
25 area at the licensed racetrack enclosure. An individual employed and  
26 authorized to accept a sports wager may also accept a parimutuel wager.

27 (2) A floor plan identifying the designated sports wagering area,  
28 including the location of any wagering kiosks, shall be filed with the  
29 commission for review and approval. Modification to a previously approved  
30 plan must be submitted for approval at least ten days prior to  
31 implementation. The area shall not be accessible to persons under twenty-

1 one years of age and shall have a sign posted to restrict access.  
2 Exceptions to this subsection must be approved in writing by the  
3 commission.

4 (3) The authorized gaming operator shall submit controls for  
5 approval by the commission, that include the following for operating the  
6 designated sports wagering area:

7 (a) Specific procedures and technology partners to fulfill the  
8 requirements set forth by the commission;

9 (b) Other specific controls as designated by the commission;

10 (c) A process to easily and prominently impose limitations or  
11 notification for wagering parameters, including, but not limited to,  
12 deposits and wagers; and

13 (d) An easy and obvious method for a player to make a complaint and  
14 to enable the player to notify the commission if such complaint has not  
15 been or cannot be addressed by the sports wagering operator.

16 (4) The commission shall develop policies and procedures to ensure a  
17 prohibited participant is unable to place a sports wager or parimutuel  
18 wager.

19 (5) Beginning on the implementation date designated by the Tax  
20 Commissioner pursuant to subsection (1) of section 9-1312, prior to the  
21 winnings payment of any sports wagering winnings as defined in section  
22 9-1303, an authorized gaming operator shall check the collection system  
23 to determine if the winner has a debt or an outstanding state ~~tax~~  
24 liability as required by the Gambling Winnings Setoff for Outstanding  
25 Debt Act. If such authorized gaming operator determines that the winner  
26 is subject to the collection system, the operator shall deduct the amount  
27 of debt and outstanding state ~~tax~~ liability identified in the collection  
28 system from the winnings payment and shall remit the net winnings payment  
29 of sports wagering winnings, if any, to the winner and the amount  
30 deducted to the Department of Revenue to be credited against such debt or  
31 outstanding state ~~tax~~ liability as provided in section 9-1306.

1       **Sec. 7.** Section 9-1302, Revised Statutes Cumulative Supplement,  
2   2024, is amended to read:

3       9-1302 The purposes of the Gambling Winnings Setoff for Outstanding  
4   Debt Act are to:

5       (1) Establish and maintain a procedure to set off against an  
6   obligor's casino winnings, parimutuel winnings, sports wagering winnings,  
7   or cash device winnings any debt (a) that is assigned to the Department  
8   of Health and Human Services or that any individual not eligible as a  
9   public assistance recipient is attempting to collect through the Title  
10   IV-D child support enforcement program, (b) that has accrued through  
11   written contract, subrogation, or court judgment, and (c) that is in the  
12   form of a liquidated amount due and owing for the care, support, or  
13   maintenance of a child or for medical or spousal support; and

14       (2) Establish and maintain a procedure to set off against an  
15   obligor's ~~a taxpayer's~~ casino winnings, parimutuel winnings, sports  
16   wagering winnings, or cash device winnings the amount of such obligor's  
17   ~~taxpayer's~~ outstanding state ~~tax~~ liability as determined by the  
18   Department of Revenue.

19       **Sec. 8.** Section 9-1303, Revised Statutes Cumulative Supplement,  
20   2024, is amended to read:

21       9-1303 For purposes of the Gambling Winnings Setoff for Outstanding  
22   Debt Act, unless the context otherwise requires:

23       (1) Applicable winnings means any casino winnings, parimutuel  
24   winnings, sports wagering winnings, or cash device winnings;

25       (2) Cash device winnings means any cash prize won by a player of a  
26   cash device as defined in section 77-3001 that requires the operator,  
27   distributor, or manufacturer of such cash device to provide the player  
28   with an Internal Revenue Service Form 1099;

29       (3) Casino winnings means any winnings that are required to be  
30   reported on Internal Revenue Service Form W-2G won by a player from a  
31   game of chance at a licensed racetrack enclosure under the jurisdiction

1 of the State Racing and Gaming Commission;

2 (4) Claimant means:

3 (a) The Department of Health and Human Services with respect to  
4 collection of a debt owed by a parent in a case involving a recipient of  
5 aid to dependent children in which rights to child, spousal, or medical  
6 support payments have been assigned to this state;

7 (b) An individual who is not eligible as a public assistance  
8 recipient and to whom a debt is owed that the individual is attempting to  
9 collect through the Title IV-D child support enforcement program; or

10 (c) Any person or entity entitled to receive child support, spousal  
11 support, or medical support as defined in section 43-1712.01 pursuant to  
12 an order issued by a court or agency of another state or jurisdiction,  
13 including an agency of another state or jurisdiction to which a person  
14 has assigned his or her right to receive such support. Such a claimant  
15 shall submit certification and documentation to the Department of Health  
16 and Human Services sufficient to satisfy the requirements of section  
17 43-1730;

18 (5) Collection system means the collection system developed and  
19 implemented pursuant to section 9-1304;

20 (6) Debt means any liquidated amount of arrears that has accrued  
21 through assignment, contract, subrogation, court judgment, or operation  
22 of law, regardless of whether there is an outstanding judgment for such  
23 amount, and that is for the care, support, or maintenance of a child or  
24 for medical or spousal support;

25 (7) Net winnings payment means the winnings payment amount minus the  
26 debt and outstanding state tax liability balance;

27 (8) Obligor means any person as defined in section 77-2701.25:  
28 individual

29 (a) Owning ~~(a) owing~~ money to or having a delinquent account with any  
30 claimant that has not been satisfied by court order, set aside by court  
31 order, or discharged in bankruptcy; or

1        ~~(b) Owing~~ ~~(b) owing~~ money on an outstanding state tax liability;

2        (9) Operator means an authorized gaming operator as defined in  
3        section 9-1103, any corporation or association licensed under sections  
4        2-1201 to 2-1218 and authorized to conduct parimutuel wagering at a  
5        licensed racetrack, and any operator, distributor, or manufacturer of a  
6        cash device licensed under the Mechanical Amusement Device Tax Act;

7        (10) Outstanding state tax liability means any liability arising  
8        from any tax, ~~or~~ fee, or overpayment, including penalties and interest,  
9        under any tax or other program administered by the Tax Commissioner,  
10       Department of Labor, or Department of Motor Vehicles;

11       (11) Overpayment means an overpayment of unemployment insurance  
12       benefits established under section 48-663.01;

13       (12) ~~(11)~~ Parimutuel winnings means any winnings that are required  
14       to be reported on Internal Revenue Service Form W-2G and have tax  
15       withheld by the operator and that are won by a player from a parimutuel  
16       wager at a licensed racetrack under the jurisdiction of the State Racing  
17       and Gaming Commission;

18       (13) ~~(12)~~ Sports wagering winnings means any winnings that are  
19       required to be reported on Internal Revenue Service Form W-2G and have  
20       tax withheld by the operator and that are won by a player from sports  
21       wagering as defined in section 9-1103 on a sports wager authorized by the  
22       State Racing and Gaming Commission;

23       (14) ~~(13)~~ Spousal support has the same meaning as in section  
24       43-1715; and

25       (15) ~~(14)~~ Winnings payment means a payout of casino winnings,  
26       parimutuel winnings, sports wagering winnings, or cash device winnings to  
27       which a person ~~an individual~~ is entitled as a result of playing or  
28       wagering.

29       **Sec. 9.** Section 9-1304, Revised Statutes Cumulative Supplement,  
30       2024, is amended to read:

31       9-1304 (1)(a) The Department of Revenue, in consultation with the

1 Department of Health and Human Services, the Department of Motor  
2 Vehicles, and the Department of Labor, shall develop and implement a  
3 secure, electronic collection system to carry out the purposes of the  
4 Gambling Winnings Setoff for Outstanding Debt Act.

5 (b) The collection system shall include access to the name of an  
6 obligor, the social security number of an obligor, and any other  
7 information that assists the operator in identifying an obligor. The  
8 collection system shall inform the operator of the total amount owed  
9 without detailing the source of any of the amounts owed.

10 (2) The Department of Health and Human Services may submit any  
11 certified debt of twenty-five dollars or more to the collection system  
12 except when the validity of the debt is legitimately in dispute. The  
13 submission of debts of past-due support shall be a continuous process  
14 that allows the amount of debt to fluctuate up or down depending on the  
15 actual amount owed.

16 (3) The Department of Revenue, the Department of Motor Vehicles, and  
17 the Department of Labor may submit to the collection system any amount of  
18 outstanding state ~~tax~~ liability owed by an obligor to the department a  
19 ~~taxpayer~~ except when the validity of the outstanding state ~~tax~~ liability  
20 is legitimately in dispute. The inclusion of outstanding state ~~tax~~  
21 liability in the amount owed shall be a continuous process that allows  
22 the amount owed to fluctuate up or down depending on the actual amount of  
23 outstanding state ~~tax~~ liability owed.

24 (4) If the name of the obligor is retrieved from the collection  
25 system by the operator, the retrieval of such name shall be evidence of a  
26 valid lien upon and claim of lien against any applicable winnings of the  
27 obligor whose name is electronically retrieved from the collection  
28 system. If an obligor's applicable winnings are required to be set off  
29 pursuant to the Gambling Winnings Setoff for Outstanding Debt Act, the  
30 full amount of the debt and outstanding state ~~tax~~ liability shall be  
31 collected from any applicable winnings due the obligor.

1           (5) The information obtained by an operator or the State Racing and  
2 Gaming Commission from the collection system in accordance with this  
3 section shall retain its confidentiality and shall only be used by the  
4 operator or the commission for the purposes of complying with the  
5 Gambling Winnings Setoff for Outstanding Debt Act. An employee or prior  
6 employee of an operator or the commission who unlawfully discloses any  
7 such information for any other purpose, except as otherwise specifically  
8 authorized by law, shall be subject to the same penalties specified by  
9 law for unauthorized disclosure of confidential information by an agent  
10 or employee of the agency to which the debt or outstanding state  
11 liability is owed operator.

12           (6) The information obtained by the Department of Health and Human  
13 Services, the Department of Motor Vehicles, the Department of Labor, or  
14 the Department of Revenue from the operator in accordance with this  
15 section shall retain its confidentiality and shall only be used by the  
16 ~~either~~ department in the pursuit of such department's debt or outstanding  
17 state ~~tax~~ liability assessment and collection duties and practices. An  
18 employee or prior employee of the Department of Health and Human  
19 Services, the Department of Motor Vehicles, the Department of Labor, or  
20 the Department of Revenue who unlawfully discloses any such information  
21 for any other purpose, except as specifically authorized by law, shall be  
22 subject to the penalties specified by law for unauthorized disclosure of  
23 confidential information by an agent or employee of ~~either~~ such  
24 department.

25           (7) The amount of debt and outstanding state ~~tax~~ liability owed  
26 shall be prima facie evidence of the validity of the liability.

27           **Sec. 10.** Section 9-1305, Revised Statutes Cumulative Supplement,  
28 2024, is amended to read:

29           9-1305 (1) Beginning on the applicable implementation date  
30 designated by the Tax Commissioner pursuant to subsection (1) or (2) of  
31 section 9-1312, prior to making a winnings payment, an operator shall



1 check the collection system to determine if there is a debt or an  
2 outstanding state ~~tax~~ liability owed by the winner. An operator shall  
3 have access to the collection system to look up winners that are due  
4 winnings payments for purposes of complying with the Gambling Winnings  
5 Setoff for Outstanding Debt Act. An operator shall not access the system  
6 for any other purpose.

7 (2)(a) An operator at a licensed racetrack enclosure or licensed  
8 racetrack that fails to check the collection system for a debt or an  
9 outstanding state ~~tax~~ liability or fails to collect the amounts owed  
10 shall be subject to a fine by the State Racing and Gaming Commission of  
11 not more than ten thousand dollars.

12 (b) The State Racing and Gaming Commission shall establish a  
13 schedule for fines pursuant to this section that considers both the  
14 proportionality of the offense and the number of instances of past  
15 offenses.

16 (3) An operator licensed by the Department of Revenue that fails to  
17 check the collection system for a debt or an outstanding state ~~tax~~  
18 liability or collect the amounts owed may be considered in violation of  
19 such license and subject to any penalties authorized for a violation of  
20 the license under the Mechanical Amusement Device Tax Act.

21 **Sec. 11.** Section 9-1306, Revised Statutes Cumulative Supplement,  
22 2024, is amended to read:

23 9-1306 (1) Beginning on the applicable implementation date  
24 designated by the Tax Commissioner pursuant to subsection (1) or (2) of  
25 section 9-1312, prior to making a winnings payment and after the operator  
26 has checked the collection system as provided in section 9-1305, the  
27 operator shall deduct the amount of debt and outstanding state ~~tax~~  
28 liability identified in the collection system from the winnings payment  
29 and shall remit the net winnings payment, if any, to the obligor winner  
30 and the amount deducted to the Department of Revenue in a manner  
31 prescribed by the department.

1 (2) If an operator determines that an obligor identified using the  
2 collection system is entitled to a winnings payment, the operator shall  
3 notify the Department of Revenue in a manner prescribed by the department  
4 that a balance of debt or outstanding state ~~tax~~ liability owed by the  
5 obligor winner is being remitted to the department.

6 (3) The Department of Revenue shall first credit any such winnings  
7 payment against any debt of such obligor winner certified by the  
8 Department of Health and Human Services until such debt is satisfied and  
9 then against any outstanding state ~~tax~~ liability owed by such obligor  
10 ~~winner~~ until such liability is satisfied on a pro rata basis.

11 **Sec. 12.** Section 9-1307, Revised Statutes Cumulative Supplement,  
12 2024, is amended to read:

13 9-1307 (1) Within twenty days after a remittance pursuant to section  
14 9-1306 due to an outstanding state ~~tax~~ liability, the Department of  
15 Revenue shall notify the obligor winner of the remittance. The notice  
16 shall state (a) the basis for the claim to the outstanding state ~~tax~~  
17 liability by the Department of Revenue, (b) the application of the  
18 winnings payment against the outstanding state ~~tax~~ liability of the  
19 obligor, (c) the obligor's opportunity to give written notice of intent  
20 to contest the validity of the claim before the applicable department to  
21 which the outstanding state liability is owed ~~Department of Revenue~~  
22 within thirty days after the date of the mailing of the notice, (d) the  
23 mailing address to which the request must be sent, and (e) that a failure  
24 to contest the claim in writing within the thirty-day period will be  
25 deemed a waiver of the opportunity to contest the claim resulting in a  
26 setoff by default.

27 (2)(a) Within twenty days after notification from the Department of  
28 Revenue of a remittance pursuant to section 9-1306 due to owing a debt  
29 certified by the Department of Health and Human Services, the Department  
30 of Health and Human Services shall send written notification to the  
31 obligor of an assertion of its rights, or of the rights of an individual

1 not eligible as a public assistance recipient, to all or a portion of the  
2 obligor's winnings payment.

3 (b) The written notification shall clearly set forth (i) the basis  
4 for the claim to the winnings payment, (ii) the intention to apply the  
5 winnings payment against the debt owed to a claimant, (iii) the obligor's  
6 opportunity to give written notice of intent to contest the validity of  
7 the claim before the Department of Health and Human Services within  
8 thirty days after the date of the mailing of the notice, (iv) the mailing  
9 address to which the request for a hearing must be sent, and (v) that  
10 failure to apply for a hearing in writing within the thirty-day period  
11 will be deemed a waiver of the opportunity to contest the claim resulting  
12 in a setoff by default.

13 **Sec. 13.** Section 9-1308, Revised Statutes Cumulative Supplement,  
14 2024, is amended to read:

15 9-1308 (1)(a) A written request by an obligor ~~a winner~~ pursuant to  
16 subsection (1) of section 9-1307 shall be effective upon mailing the  
17 request, postage prepaid and properly addressed, to the applicable  
18 department to which the outstanding state liability is owed ~~Department of~~  
19 ~~Revenue.~~

20 (b) Any appeal or action taken as a result of a decision pursuant to  
21 subdivision (1)(a) of this section shall be in accordance with the  
22 Administrative Procedure Act.

23 (2)(a) A written request for a hearing by an obligor ~~a winner~~  
24 pursuant to subsection (2) of section 9-1307 shall be effective upon  
25 mailing the request, postage prepaid and properly addressed, to the  
26 Department of Health and Human Services.

27 (b) If the Department of Health and Human Services receives a  
28 written request for a hearing contesting a claim, the department shall  
29 grant a hearing to the obligor to determine whether the claim is valid.  
30 If the amount asserted as due and owing is not correct, an adjustment to  
31 the claimed amount shall be made. No issues shall be reconsidered at the

1 hearing which have been previously litigated.

2 (c) Any appeal of an action taken at or as a result of a hearing  
3 held pursuant to subdivision (2)(b) of this section shall be in  
4 accordance with the Administrative Procedure Act.

5 **Sec. 16.** Section 77-3002, Revised Statutes Cumulative Supplement,  
6 2024, is amended to read:

7 77-3002 (1) Any operator shall be required to procure an annual  
8 license from the Tax Commissioner permitting him or her to operate  
9 mechanical amusement devices within the State of Nebraska. The Tax  
10 Commissioner, upon the application of any person, may issue a license,  
11 except that if the applicant (a) is not of good character and reputation  
12 in the community in which he or she resides, (b) has been convicted of or  
13 has pleaded guilty to a felony under the laws of the State of Nebraska,  
14 of any other state, or of the United States, or (c) has been convicted of  
15 or has pleaded guilty to being the proprietor of a gambling house, or of  
16 any other crime or misdemeanor opposed to decency and morality, no  
17 license shall be issued. If the applicant is a corporation whose majority  
18 stockholders could not obtain a license, then such corporation shall not  
19 be issued a license. If the applicant is an individual, the application  
20 shall include the applicant's social security number. Procuring a license  
21 shall constitute sufficient contact with this state for the exercise of  
22 personal jurisdiction over such person in any action arising out of the  
23 operation of mechanical amusement devices in this state.

24 (2)(a) Except for an applicant that holds a liquor license under the  
25 Nebraska Liquor Control Act, an applicant for a license as an operator of  
26 a cash device shall be subject to a one-time background check by the  
27 department prior to the issuance of a license. An applicant shall pay the  
28 costs associated with the background check along with any required fees  
29 as determined by the department.

30 (b) The Tax Commissioner has the authority to deny any application  
31 for a license as an operator of a cash device for cause. Cause for denial

1 of a license application includes instances in which the applicant  
2 individually, or in the case of a business entity, any officer, director,  
3 employee, or limited liability company member of the applicant or  
4 licensee other than an employee whose duties are purely ministerial in  
5 nature:

6 (i) Violated the provisions, requirements, conditions, limitations,  
7 or duties imposed by the Mechanical Amusement Device Tax Act or any rules  
8 or regulations adopted and promulgated pursuant to the act;

9 (ii) Knowingly caused, aided, abetted, or conspired with another to  
10 cause any person to violate any of the provisions of the act or any rules  
11 or regulations adopted and promulgated pursuant to the act;

12 (iii) Obtained a license or permit under the act by fraud,  
13 misrepresentation, or concealment;

14 (iv) Has been convicted of, forfeited bond upon a charge of, or  
15 pleaded guilty or nolo contendere to any offense or crime, whether a  
16 felony or a misdemeanor, involving any gambling activity or fraud, theft,  
17 willful failure to make required payments or reports, or filing false  
18 reports with a governmental agency at any level;

19 (v) Denied the department or its authorized representatives,  
20 including authorized law enforcement agencies, access to any place where  
21 activity required to be licensed under the act is being conducted or  
22 failed to produce for inspection or audit any book, record, document, or  
23 item required by law, rule, or regulation;

24 (vi) Made a misrepresentation of or failed to disclose a material  
25 fact to the department;

26 (vii) Failed to prove by clear and convincing evidence such  
27 applicant's qualifications to be licensed in accordance with the act;

28 (viii) Failed to pay any taxes and additions to taxes, including  
29 penalties and interest required by the act or any other taxes imposed  
30 pursuant to the Nebraska Revenue Act of 1967; or

31 (ix) Has been cited for a violation of the Nebraska Liquor Control

1 Act and had a liquor license suspended, canceled, or revoked by the  
2 Nebraska Liquor Control Commission for illegal gambling activities on or  
3 about the premises licensed by the commission pursuant to the Nebraska  
4 Liquor Control Act or the rules and regulations adopted and promulgated  
5 pursuant to such act.

6 (c) No renewal of a license issued pursuant to this section shall be  
7 issued when the applicant for renewal would not be eligible for a license  
8 upon a first application.

9 (3) The Tax Commissioner has the authority to suspend or revoke the  
10 license of any operator that is in violation of the Mechanical Amusement  
11 Device Tax Act.

12 (4) Beginning on the implementation date designated by the Tax  
13 Commissioner pursuant to subsection (2) of section 9-1312, prior to the  
14 winnings payment of any cash device winnings as defined in section  
15 9-1303, an operator of a cash device shall check the collection system to  
16 determine if the winner has a debt or an outstanding state ~~tax~~ liability  
17 as required by the Gambling Winnings Setoff for Outstanding Debt Act. If  
18 such operator determines that the winner is subject to the collection  
19 system, the operator shall deduct the amount of debt and outstanding  
20 state ~~tax~~ liability identified in the collection system from the winnings  
21 payment and shall remit the net winnings payment of cash device winnings,  
22 if any, to the winner and the amount deducted to the Department of  
23 Revenue to be credited against such debt or outstanding state ~~tax~~  
24 liability as provided in section 9-1306.

25 **Sec. 17.** Section 77-3003, Revised Statutes Cumulative Supplement,  
26 2024, is amended to read:

27 77-3003 (1) Any distributor shall be required to procure an annual  
28 license from the Tax Commissioner permitting him or her to place and  
29 either directly or indirectly control or manage a mechanical amusement  
30 device within the State of Nebraska. The Tax Commissioner, upon the  
31 application of any person, may issue a license, subject to the same

1 limitations as an operator's license under section 77-3002. If the  
2 applicant is an individual, the application shall include the applicant's  
3 social security number.

4 (2)(a) Except for an applicant that holds a liquor license under the  
5 Nebraska Liquor Control Act, an applicant for a license as a distributor  
6 of a cash device shall be subject to a one-time background check by the  
7 department prior to issuance of the license. An applicant shall pay the  
8 costs associated with the background check along with any required fees  
9 as determined by the department.

10 (b) The Tax Commissioner has the authority to deny any application  
11 for a license as a distributor of a cash device for cause. Cause for  
12 denial of a license application includes instances in which the applicant  
13 individually, or in the case of a business entity, any officer, director,  
14 employee, or limited liability company member of the applicant or  
15 licensee other than an employee whose duties are purely ministerial in  
16 nature:

17 (i) Violated the provisions, requirements, conditions, limitations,  
18 or duties imposed by the Mechanical Amusement Device Tax Act or any rules  
19 or regulations adopted and promulgated pursuant to the act;

20 (ii) Knowingly caused, aided, abetted, or conspired with another to  
21 cause any person to violate any of the provisions of the act or any rules  
22 or regulations adopted and promulgated pursuant to the act;

23 (iii) Obtained a license or permit under the act by fraud,  
24 misrepresentation, or concealment;

25 (iv) Has been convicted of, forfeited bond upon a charge of, or  
26 pleaded guilty or nolo contendere to any offense or crime, whether a  
27 felony or a misdemeanor, involving any gambling activity or fraud, theft,  
28 willful failure to make required payments or reports, or filing false  
29 reports with a governmental agency at any level;

30 (v) Denied the department or its authorized representatives,  
31 including authorized law enforcement agencies, access to any place where

1 activity required to be licensed under the act is being conducted or  
2 failed to produce for inspection or audit any book, record, document, or  
3 item required by law, rule, or regulation;

4 (vi) Made a misrepresentation of or failed to disclose a material  
5 fact to the department;

6 (vii) Failed to prove by clear and convincing evidence such  
7 applicant's qualifications to be licensed in accordance with the act;

8 (viii) Failed to pay any taxes and additions to taxes, including  
9 penalties and interest required by the act or any other taxes imposed  
10 pursuant to the Nebraska Revenue Act of 1967; or

11 (ix) Has been cited for a violation of the Nebraska Liquor Control  
12 Act and had a liquor license suspended, canceled, or revoked by the  
13 Nebraska Liquor Control Commission for illegal gambling activities on or  
14 about the premises licensed by the commission pursuant to the Nebraska  
15 Liquor Control Act or the rules and regulations adopted and promulgated  
16 pursuant to such act.

17 (c) No renewal of a license issued pursuant to this section shall be  
18 issued when the applicant for renewal would not be eligible for a license  
19 upon a first application.

20 (3) Beginning January 1, 2025, the annual license for a distributor  
21 of a cash device shall be accompanied by a fee of one hundred dollars per  
22 cash device up to a maximum of five thousand dollars.

23 (4) The Tax Commissioner has the authority to suspend or revoke the  
24 license of any distributor that is in violation of the Mechanical  
25 Amusement Device Tax Act.

26 (5) Beginning on the implementation date designated by the Tax  
27 Commissioner pursuant to subsection (2) of section 9-1312, prior to the  
28 winnings payment of any cash device winnings as defined in section  
29 9-1303, a distributor of a cash device shall check the collection system  
30 to determine if the winner has a debt or an outstanding state tax  
31 liability as required by the Gambling Winnings Setoff for Outstanding



1 Debt Act. If such distributor determines that the winner is subject to  
2 the collection system, the distributor shall deduct the amount of debt  
3 and outstanding state ~~tax~~ liability identified in the collection system  
4 from the winnings payment and shall remit the net winnings payment of  
5 cash device winnings, if any, to the winner and the amount deducted to  
6 the Department of Revenue to be credited against such debt or outstanding  
7 state ~~tax~~ liability as provided in section 9-1306.

8 **Sec. 18.** Section 77-3014, Revised Statutes Cumulative Supplement,  
9 2024, is amended to read:

10 77-3014 Beginning on the implementation date designated by the Tax  
11 Commissioner pursuant to subsection (2) of section 9-1312, prior to the  
12 winnings payment of any cash device winnings as defined in section  
13 9-1303, a manufacturer of a cash device that makes winnings payments  
14 shall check the collection system to determine if the winner has a debt  
15 or an outstanding state ~~tax~~ liability as required by the Gambling  
16 Winnings Setoff for Outstanding Debt Act. If such manufacturer determines  
17 that the winner is subject to the collection system, the manufacturer  
18 shall deduct the amount of debt and outstanding state ~~tax~~ liability  
19 identified in the collection system from the winnings payment and shall  
20 remit the net winnings payment of cash device winnings, if any, to the  
21 winner and the amount deducted to the Department of Revenue to be  
22 credited against such debt or outstanding state ~~tax~~ liability as provided  
23 in section 9-1306.

24 2. Renumber the remaining sections and correct the repealer  
25 accordingly.