

AMENDMENTS TO LB890

Introduced by Revenue.

1 1. Strike the original sections and insert the following new
2 sections:

3 **Section 1.** Section 9-1,101, Revised Statutes Supplement, 2025, is
4 amended to read:

5 9-1,101 (1) The Nebraska Bingo Act, the Nebraska County and City
6 Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle
7 Card Lottery Act, the Nebraska Small Lottery and Raffle Act, and section
8 9-701 shall be administered and enforced by the Charitable Gaming
9 Division of the Department of Revenue, which division is hereby created.
10 The Department of Revenue shall make annual reports to the Governor,
11 Legislature, Auditor of Public Accounts, and Attorney General on all tax
12 revenue received, expenses incurred, and other activities relating to the
13 administration and enforcement of such acts. The report submitted to the
14 Legislature shall be submitted electronically.

15 (2) The Charitable Gaming Operations Fund is hereby created. Any
16 money in the fund available for investment shall be invested by the state
17 investment officer pursuant to the Nebraska Capital Expansion Act and the
18 Nebraska State Funds Investment Act.

19 (3)(a) Forty percent of the taxes collected pursuant to sections
20 9-239, 9-344, 9-429, and 9-648 shall be available to the Charitable
21 Gaming Division for administering and enforcing the acts listed in
22 subsection (1) of this section and providing administrative support for
23 the Nebraska Commission on Problem Gambling. The remaining sixty percent
24 shall be transferred to the General Fund. Any portion of the forty
25 percent not used by the division in the administration and enforcement of
26 such acts and section shall be distributed as provided in this
27 subsection.

1 (b) Beginning July 1, 2019, through June 30, 2026, on or before the
2 last day of the last month of each calendar quarter, the State Treasurer
3 shall transfer one hundred thousand dollars from the Charitable Gaming
4 Operations Fund to the Compulsive Gamblers Assistance Fund.

5 (c) Any money remaining in the Charitable Gaming Operations Fund
6 after the transfer pursuant to subdivision (b) of this subsection not
7 used by the Charitable Gaming Division in its administration and
8 enforcement duties pursuant to this section may be transferred to the
9 General Fund and the Compulsive Gamblers Assistance Fund at the direction
10 of the Legislature.

11 (4) The Tax Commissioner shall employ investigators who shall be
12 vested with the authority and power of a law enforcement officer to carry
13 out the laws of this state administered by the Tax Commissioner or the
14 Department of Revenue and to enforce sections 28-1101 to 28-1117 relating
15 to possession of a gambling device. For purposes of enforcing sections
16 28-1101 to 28-1117, the authority of the investigators shall be limited
17 to investigating possession of a gambling device, notifying local law
18 enforcement authorities, and reporting suspected violations to the county
19 attorney for prosecution.

20 (5) The Charitable Gaming Division may charge a fee for publications
21 and listings it produces. The fee shall not exceed the cost of
22 publication and distribution of such items. The division may also charge
23 a fee for making a copy of any record in its possession equal to the
24 actual cost per page. The division shall remit the fees to the State
25 Treasurer for credit to the Charitable Gaming Operations Fund.

26 ~~(6) The taxes collected and available to the Charitable Gaming~~
27 ~~Division pursuant to section 77-3012 shall be used by the division for~~
28 ~~enforcement of the Mechanical Amusement Device Tax Act and maintenance of~~
29 ~~the central server established pursuant to section 77-3013.~~

30 (6) ~~(7)~~ For administrative purposes only, the Nebraska Commission on
31 Problem Gambling shall be located within the Charitable Gaming Division.

1 The division shall provide office space, furniture, equipment, and
2 stationery and other necessary supplies for the commission. Commission
3 staff shall be appointed, supervised, and terminated by the director of
4 the Gamblers Assistance Program pursuant to section 9-1004.

5 **Sec. 2.** Section 71-812, Revised Statutes Supplement, 2025, is
6 amended to read:

7 71-812 (1) The Behavioral Health Services Fund is created. The fund
8 shall be administered by the division and shall contain cash funds
9 appropriated by the Legislature or otherwise received by the department
10 for the provision of behavioral health services from any other public or
11 private source and directed by the Legislature for credit to the fund.
12 Transfers may be made from the fund to the General Fund at the direction
13 of the Legislature.

14 (2) The Behavioral Health Services Fund shall be used to encourage
15 and facilitate the statewide development and provision of community-based
16 behavioral health services, including, but not limited to, (a) the
17 provision of grants, loans, and other assistance for such purpose and (b)
18 reimbursement to providers of such services.

19 (3)(a) Money transferred to the fund under section 76-903 shall be
20 used for housing-related assistance for very low-income adults with
21 serious mental illness or substance abuse disorder, except that if the
22 division determines that all housing-related assistance obligations under
23 this subsection have been fully satisfied, the division may distribute
24 any excess, up to twenty percent of such money, to regional behavioral
25 health authorities for acquisition or rehabilitation of housing to assist
26 such persons. The division shall manage and distribute such funds based
27 upon a formula established by the division, in consultation with regional
28 behavioral health authorities and the department, in a manner consistent
29 with and reasonably calculated to promote the purposes of the public
30 behavioral health system enumerated in section 71-803. The division shall
31 contract with each regional behavioral health authority for the provision

1 of such assistance. Each regional behavioral health authority may
2 contract with qualifying public, private, or nonprofit entities for the
3 provision of such assistance.

4 (b) For purposes of this subsection:

5 (i) Adult with serious mental illness means a person eighteen years
6 of age or older who has, or at any time during the immediately preceding
7 twelve months has had, a diagnosable mental, behavioral, or emotional
8 disorder of sufficient duration to meet diagnostic criteria identified in
9 the most recent edition of the Diagnostic and Statistical Manual of
10 Mental Disorders and which has resulted in functional impairment that
11 substantially interferes with or limits one or more major life functions.
12 Serious mental illness does not include DSM V codes, substance abuse
13 disorders, or developmental disabilities unless such conditions exist
14 concurrently with a diagnosable serious mental illness;

15 (ii) Housing-related assistance includes rental payments, utility
16 payments, security and utility deposits, landlord risk mitigation
17 payments, and other related costs and payments;

18 (iii) Landlord risk mitigation payment means a payment provided to a
19 landlord who leases or rents property to a very low-income adult with
20 serious mental illness which may be used to pay for excessive damage to
21 the rental property, any lost rent, any legal fees incurred by the
22 landlord in excess of the security deposit, or any other expenses
23 incurred by the landlord as a result of leasing or renting the property
24 to such individual; and

25 (iv) Very low-income means a household income of fifty percent or
26 less of the applicable median family income estimate as established by
27 the United States Department of Housing and Urban Development.

28 (4) Money transferred to the fund under section 77-3012 shall be
29 allocated to the behavioral health authority of the behavioral health
30 region with the lowest per-capita spending. If allocation of the full
31 amount transferred pursuant to section 77-3012 would alter the region's

1 status as the region with the lowest per-capita spending, then after such
2 initial disbursement to make the region with the lowest per-capita
3 spending equal to the region with the second-lowest per-capita spending,
4 the remainder shall be allocated equally to the behavioral health
5 authorities of the behavioral health regions with the lowest and second-
6 lowest per-capita spending.

7 (5) ~~(4)~~ Any money in the fund available for investment shall be
8 invested by the state investment officer pursuant to the Nebraska Capital
9 Expansion Act and the Nebraska State Funds Investment Act.

10 **Sec. 3.** Section 77-3003, Revised Statutes Supplement, 2025, is
11 amended to read:

12 77-3003 (1) Any distributor shall be required to procure a biennial
13 license from the Tax Commissioner permitting him or her to place and
14 either directly or indirectly control or manage a mechanical amusement
15 device within the State of Nebraska. The Tax Commissioner, upon the
16 application of any person, may issue a license, subject to the same
17 limitations as an operator's license under section 77-3002. If the
18 applicant is an individual, the application shall include the applicant's
19 social security number.

20 (2)(a) Except for an applicant that holds a liquor license under the
21 Nebraska Liquor Control Act, an applicant for or person holding a license
22 as a distributor of a cash device shall be subject to a background check
23 at any time by the department including fingerprinting and a check of his
24 or her criminal history record information maintained by the
25 Identification Division of the Federal Bureau of Investigation through
26 the Nebraska State Patrol for the purpose of determining whether the
27 Department of Revenue has a basis to deny the license application or to
28 suspend, cancel, revoke, or terminate the person's license. Each
29 applicant for or person holding a license pursuant to this section shall
30 also submit a personal history report to the department on a form
31 provided by the department and may be subject to a background

1 investigation, an inspection of the applicant's or licensee's facilities,
2 or both. An applicant or licensee shall pay the costs associated with the
3 background check along with any required fees as determined by the
4 department.

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

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

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

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

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

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

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

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

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

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

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

15 (3) Beginning January 1, 2025, the biennial license for a
16 distributor of a cash device shall be accompanied by a fee of two hundred
17 dollars per cash device up to a maximum of ten thousand dollars. The
18 Department of Revenue shall remit all license fees collected by the
19 department pursuant to this section to the State Treasurer for credit to
20 the Department of Revenue Enforcement Fund.

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

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

1 state liability identified in the collection system from the winnings
2 payment and shall remit the net winnings payment of cash device winnings,
3 if any, to the winner and the amount deducted to the Department of
4 Revenue to be credited against such debt or outstanding state liability
5 as provided in section 9-1306.

6 **Sec. 4.** Section 77-3003.01, Revised Statutes Cumulative Supplement,
7 2024, is amended to read:

8 77-3003.01 (1)(a) The Tax Commissioner or his or her agents or
9 employees, at the direction of the Tax Commissioner, or any peace officer
10 of this state may seize, without a warrant, any mechanical amusement
11 device if there is cause to believe such mechanical amusement device is
12 not in compliance with the Mechanical Amusement Device Tax Act or any
13 rules and regulations adopted and promulgated under the act or if the
14 department determines the response to a request for information is
15 materially deficient without good cause. In addition to seizure, any
16 person placing in service or operating a cash device constituting an
17 illegal game of chance or an unlicensed cash device of any kind within
18 this state shall be subject to a penalty of up to one thousand dollars
19 for each day of such operation. The Tax Commissioner has the authority to
20 suspend or revoke the license of any operator, manufacturer, or
21 distributor of a cash device that is in violation of this section.

22 (b) For purposes of this subsection, a mechanical amusement device
23 is subject to seizure and penalties as if it were a game of chance if:

24 (i) The mechanical amusement device is a cash device; and

25 (ii) The mechanical amusement device does not bear an unexpired
26 decal as required under the Mechanical Amusement Device Tax Act.

27 (c) This section does not apply to any device (i) used in any bingo,
28 lottery by the sale of pickle cards, or other lottery, raffle, or gift
29 enterprise conducted in accordance with the Nebraska Bingo Act, Nebraska
30 County and City Lottery Act, Nebraska Lottery and Raffle Act, Nebraska
31 Pickle Card Lottery Act, Nebraska Small Lottery and Raffle Act, State

1 Lottery Act, or section 9-701, (ii) used for a prize contest as defined
2 in section 28-1101, (iii) specifically authorized by the laws of this
3 state, or (iv) regulated under the Nebraska Racetrack Gaming Act.

4 (2) To receive a determination from the department that a cash
5 device is in compliance with the Mechanical Amusement Device Tax Act and
6 any rules and regulations adopted and promulgated under the act, a
7 manufacturer or distributor of the device shall:

8 (a) Submit an application to the Tax Commissioner containing
9 information regarding the device's location, software, Internet
10 connectivity, and configuration as may be required by the Tax
11 Commissioner;

12 ~~(b)(i) (b) Submit an application fee as provided in subdivision (b)~~
13 ~~(ii) of this subsection. of five hundred dollars;~~

14 ~~(ii) The application fee shall be:~~

15 ~~(A) Five hundred dollars prior to January 1, 2027;~~

16 ~~(B) Six hundred fifty dollars beginning January 1, 2027, and prior~~
17 ~~to January 1, 2028; and~~

18 ~~(C) Beginning January 1, 2028, and January 1 of each year~~
19 ~~thereafter, the fee from the prior calendar year adjusted for inflation~~
20 ~~by the department using a formula tied to the Producer Price Index for~~
21 ~~all commodities, published by the United States Department of Labor,~~
22 ~~Bureau of Labor Statistics. After applying the formula, the Department of~~
23 ~~Revenue shall round the adjusted figure to the nearest number divisible~~
24 ~~by fifty and set such figure as the application fee;~~

25 (c) Provide a specimen of the proposed cash device;

26 (d) Provide all supporting evidence, including a report by an
27 independent testing laboratory certified by the Tax Commissioner, to the
28 Tax Commissioner indicating that, under all configurations, settings, and
29 modes of operation, operation of the cash device constitutes a game of
30 skill and not a game of chance and the use, operation, sale, or
31 manufacture of the cash device would not constitute a violation of

1 section 28-1107; and

2 (e) Provide an affidavit from the manufacturer or distributor
3 affirming that no functional changes in hardware or software will be made
4 to the approved cash device without further approval from the Tax
5 Commissioner.

6 (3) The Tax Commissioner shall issue a response in writing to the
7 applicant within forty-five days after the applicant has completed and
8 submitted all application requirements. The Tax Commissioner's response
9 shall state the reason for any denial or the reasons a determination
10 cannot be made.

11 (4)(a) A cash device shall not be considered a game of skill if one
12 or more of the following apply:

13 (i) The ability of any player to succeed at the game played on the
14 cash device is impacted by the number or ratio of prior wins to prior
15 losses of players playing such cash device;

16 (ii) The ability of the player to succeed at the game played on the
17 cash device is impacted by the ability of any person to set a specified
18 win-loss ratio for the cash device or by the cash device having a
19 predetermined win-loss percentage;

20 (iii) The outcome of the game played on the cash device can be
21 controlled by a source other than any player playing the cash device;

22 (iv) The success of any player is or may be determined by a chance
23 event which cannot be altered by player action;

24 (v) There is no possibility for the player to win every game played
25 on the cash device or there are unwinnable games or game modes on the
26 cash device;

27 (vi) The ability of any player to succeed at the game played on the
28 cash device requires the exercise of skill that no reasonable player
29 could exercise; or

30 (vii) The primary determination of the prize amount is determined by
31 the presentation or generation of a particular puzzle or group of symbols

1 dealt to the player and the player does not have control over the puzzle
2 or group of symbols presented.

3 (b) For purposes of this subsection, reasonable player means a
4 player with an average level of intelligence, physical and mental skills,
5 reaction time, and dexterity.

6 (5) The department or any court considering whether a gambling
7 device is a game of skill may consider:

8 (a) The results of an analysis by the independent testing laboratory
9 certified by the Tax Commissioner to evaluate the reaction time required
10 for a player of a particular game on such cash device to perform the
11 tasks required by the game to win; or

12 (b) The results of an analysis by the independent testing laboratory
13 certified by the Tax Commissioner to evaluate factors set forth by the
14 Tax Commissioner, other than reaction time, required for the player of a
15 particular game on such cash device to perform the tasks required by the
16 game to win.

17 (6) Factors which are not sufficient indications of a skill-based
18 game include, but are not limited to:

19 (a) Whether a comprehensive list of prizes or outcomes is offered to
20 the player or whether all outcomes are drawn from a finite pool of
21 predetermined outcomes or starting positions;

22 (b) Whether a player can increase his or her chance of winning based
23 on knowledge of probabilities in general or the probabilities of any
24 particular prize or outcome in a game or on a cash device;

25 (c) Whether a player can simply choose not to play before committing
26 money or credits; or

27 (d) A game task consisting solely of moving a symbol up or down,
28 replacing one symbol with another, or any similar action, with or without
29 a timer.

30 (7) Upon approval of an application based on a determination that
31 the mechanical amusement device is a game of skill and not a game of

1 chance, the Tax Commissioner shall issue a mechanical amusement device
2 decal for the device as configured and as provided in subsection (8) of
3 this section. No mechanical amusement device decal shall be issued for
4 any cash device unless the department has determined that (a) such cash
5 device is a game of skill and not a game of chance and that the
6 manufacture, sale, transport, placement, possession, or operation of such
7 cash device does not constitute a violation of section 28-1107 and (b)
8 the appearance of such cash device does not violate subsection (9) of
9 this section. If the Tax Commissioner does not approve the application
10 for the cash device, the application shall be denied and the operator
11 shall have the opportunity for an administrative hearing before the Tax
12 Commissioner at which evidence may be presented on the issue of whether
13 the cash device is specifically authorized by law and is not a gambling
14 device as defined in section 28-1101. After such hearing, the Tax
15 Commissioner shall enter a final decision approving or denying the
16 application. The Tax Commissioner's final decision may be appealed, and
17 the appeal shall be in accordance with the Administrative Procedure Act.

18 (8)(a) Upon approval of a specimen of a cash device as a game of
19 skill under this section, the department may issue a mechanical amusement
20 device decal for each such cash device:

21 (i) If certified by the manufacturer to be functionally identical in
22 both hardware and software configurations to the specimen provided to the
23 department; and

24 (ii) If the application fee described in subdivision (2)(b) of this
25 section and the annual decal fee described in subdivision (c) of this
26 subsection have been paid.

27 (b)(i) In order for a distributor or operator of a cash device to
28 place a cash device into operation at a retail establishment, other than
29 a retail establishment owned or operated by a fraternal benefit society
30 organized and licensed under sections 44-1072 to 44-10,109 or a
31 recognized veterans organization as defined in section 80-401.01, such

1 retail establishment shall generate at least sixty percent of the gross
2 operating revenue of such retail establishment from sources other than
3 the total gross operating revenue of any cash devices located within the
4 retail establishment.

5 (ii) The number of cash devices permitted at any retail
6 establishment shall not exceed the lesser of either:

7 (A) Except for a fraternal benefit society organized and licensed
8 under sections 44-1072 to 44-10,109 or a recognized veterans organization
9 as defined in section 80-401.01, the number of cash devices it takes to
10 generate forty percent of the gross operating revenue of the retail
11 establishment; or

12 (B) Four cash devices, except that an establishment with over four
13 thousand square feet may have one cash device for each one thousand
14 square feet, up to a maximum of fifteen cash devices.

15 (c)(i) ~~(c)~~ The distributor or operator of a cash device shall pay an
16 annual decal fee as provided in subdivision (c)(ii) of this subsection ~~of~~
17 ~~two hundred fifty dollars~~ to the department ~~for each cash device in~~
18 ~~operation in Nebraska~~. The decal issued under this section shall be
19 distinct from other decals issued by the department for mechanical
20 amusement devices that are not required to be evaluated under this
21 section. Regardless of the issuance of a decal by the department, no cash
22 device shall be considered in compliance if it does not bear an unexpired
23 decal in a conspicuous place.

24 (ii) For each cash device in operation in Nebraska the annual decal
25 fee shall be:

26 (A) Two hundred fifty dollars prior to January 1, 2027;

27 (B) Three hundred fifty dollars beginning January 1, 2027, and prior
28 to January 1, 2028; and

29 (C) Beginning January 1, 2028, and January 1 of each year
30 thereafter, the fee from the prior calendar year adjusted for inflation
31 by the department using a formula tied to the Producer Price Index for

1 all commodities, published by the United States Department of Labor,
2 Bureau of Labor Statistics. After applying the formula, the Department of
3 Revenue shall round the adjusted figure to the nearest number divisible
4 by fifty and set such figure as the annual decal fee.

5 (9)(a) An operator, distributor, or manufacturer of a cash device
6 shall not market, advertise, promote, or make available any cash device
7 in this state if the device or its container, packaging, or advertising
8 materials:

9 (i) Depict a cartoon-like or fictional character primarily used to
10 appeal to minors; or

11 (ii) Imitate or mimic the trademark, trade dress, branding, or
12 packaging of products primarily marketed to minors.

13 (b)(i) No person shall place or permit exterior advertising for a
14 cash device on or about any premises where such device is located except
15 as provided in this section.

16 (ii) Each premises where a cash device is located may display not
17 more than three exterior signs advertising the availability of a cash
18 device available for play at such location. Any such sign shall:

19 (A) Not exceed eleven inches in height and seventeen inches in
20 width; and

21 (B) Be permanently affixed to the exterior of the building that
22 contains a cash device.

23 (iii) No exterior banner, flag, window wraps, digital display,
24 vehicle wrap, or other exterior advertising media shall be used to
25 advertise a cash device other than the signs permitted pursuant to
26 subdivision (9)(b)(ii) of this section.

27 (10) ~~(9)~~ The application process described in this section shall not
28 be construed to limit further investigation by the department or the
29 issuance of further regulations to promote compliance after the
30 application process is completed. At any point after a determination of
31 skill by the department, the department may request from the

1 manufacturer, distributor, or operator information about any cash device
2 in operation in this state, including, but not limited to, information
3 regarding currently operable source code, changes to software or
4 hardware, and communications from or to the device over the Internet. A
5 manufacturer, distributor, or operator that receives a request shall
6 respond with all responsive information in its possession or control
7 within fifteen business days.

8 (11) ~~(10)~~ If a manufacturer or distributor receives a determination
9 from the department that a cash device is not in compliance with the
10 Mechanical Amusement Device Tax Act, such manufacturer or distributor
11 shall have thirty days after the issuance of that determination to (a)
12 provide proof of correction and compliance or (b) remove any such cash
13 device from operation in Nebraska.

14 (12) ~~(11)~~ Application fees collected under subsection (2) of this
15 section and annual decal fees collected under subsection (8) of this
16 section shall be remitted to the State Treasurer for credit to the
17 Department of Revenue Enforcement Fund.

18 **Sec. 5.** Section 77-3003.02, Revised Statutes Cumulative Supplement,
19 2024, is amended to read:

20 77-3003.02 (1) No cash device shall be operated using a credit card,
21 charge card, or debit card.

22 (2) No person under twenty-one years of age shall play or
23 participate in any way in the operation of a cash device. No distributor,
24 operator, or employee or agent of any distributor or operator shall
25 knowingly permit any individual under twenty-one years of age to play or
26 participate in any way in the operation of a cash device. The
27 distributor, operator, or employee or agent shall verify the age of any
28 individual requesting to play a cash device and shall comply with
29 subsection (3) of this section.

30 (3) Beginning August 1, 2026, an operator of a cash device shall not
31 make such device available for play at a retail establishment unless an

1 attendant is physically present on the premises of such retail
2 establishment and capable of actively supervising play of such cash
3 device. An attendant shall be considered to be actively supervising play
4 of such cash device if the attendant:

5 (a) Visually confirms the age of the player; and

6 (b) Continuously monitors the area in which a cash device is located
7 and intervenes to prevent play of a cash device by any person under
8 twenty-one years of age.

9 (4) (2) No distributor or operator shall charge a fee or require a
10 gratuity in return for the payment of any prize money won by a player of
11 a cash device.

12 (5) (3) The Tax Commissioner has the authority to suspend or revoke
13 the license of any distributor or operator of a cash device for a
14 violation of this section.

15 (6) (4) The department shall adopt and promulgate rules and
16 regulations for the implementation and enforcement of this section as
17 long as such rules and regulations do not restrict how a cash device
18 manufacturer, distributor, or operator markets or advertises the
19 existence of a cash device, unless the advertiser or marketer of a cash
20 device is willfully conflating the cash device play with casino style
21 gambling or slot machine wagering.

22 **Sec. 6.** Section 77-3003.03, Revised Statutes Supplement, 2025, is
23 amended to read:

24 77-3003.03 (1) A manufacturer of a cash device shall be required to
25 procure a biennial license from the Tax Commissioner permitting such
26 manufacturer to place any cash devices in the State of Nebraska for sale,
27 lease, or distribution through a third party. The Tax Commissioner, upon
28 the application of any person, may issue a license subject to the same
29 limitations as an operator's license under section 77-3002. If the
30 applicant is an individual, the application shall include the applicant's
31 social security number. The license fee for a manufacturer of a cash

1 device shall be ten thousand dollars. The Department of Revenue shall
2 remit all license fees collected by the department pursuant to this
3 section to the State Treasurer for credit to the Department of Revenue
4 Enforcement Fund.

5 (2)(a) Each applicant for or person holding a license as a
6 manufacturer of a cash device shall be subject to a background check at
7 any time by the department including fingerprinting and a check of his or
8 her criminal history record information maintained by the Identification
9 Division of the Federal Bureau of Investigation through the Nebraska
10 State Patrol for the purpose of determining whether the Department of
11 Revenue has a basis to deny the license application or to suspend,
12 cancel, revoke, or terminate the person's license. Each applicant for or
13 person holding a license pursuant to this section shall also submit a
14 personal history report to the department on a form provided by the
15 department and may be subject to a background investigation, an
16 inspection of the applicant's or licensee's facilities, or both. An
17 applicant or licensee shall pay the costs associated with the background
18 check and any required fees as determined by the department.

19 (b) The Tax Commissioner has the authority to deny a license for a
20 manufacturer of a cash device for cause. Cause for denial of a license
21 application includes instances in which the applicant individually, or in
22 the case of a business entity, any officer, director, employee, or
23 limited liability company member of the applicant or licensee other than
24 an employee whose duties are purely ministerial in nature:

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

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

31 (iii) Obtained a license or permit under the act by fraud,

1 misrepresentation, or concealment;

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

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

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

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

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

19 (ix) Has been cited for a violation of the Nebraska Liquor Control
20 Act and had a liquor license suspended, canceled, or revoked by the
21 Nebraska Liquor Control Commission for illegal gambling activities on or
22 about the premises licensed by the commission pursuant to the Nebraska
23 Liquor Control Act or the rules and regulations adopted and promulgated
24 pursuant to such act.

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

28 (3) The Tax Commissioner has the authority to suspend or revoke the
29 license of any manufacturer of a cash device that is in violation of the
30 Mechanical Amusement Device Tax Act.

31 **Sec. 7.** Section 77-3004, Revised Statutes Cumulative Supplement,

1 2024, is amended to read:

2 77-3004 (1) An occupation tax is hereby imposed and levied, in the
3 amount and in accordance with the terms and conditions stated in this
4 section, upon the business of operating mechanical amusement devices that
5 are not cash devices within the State of Nebraska for profit or gain
6 either directly or indirectly received. Every person who now or hereafter
7 engages in the business of operating such mechanical amusement devices
8 that are not cash devices in the State of Nebraska shall pay such
9 occupation tax in the amount and manner specified in this section.

10 (2) Any distributor or operator of a mechanical amusement device
11 that is not a cash device within the State of Nebraska shall pay an
12 occupation tax for each such mechanical amusement device which he or she
13 places into operation during all of the taxable year. The occupation tax
14 shall be due and payable on January 1 of each year on each mechanical
15 amusement device that is not a cash device in operation on that date,
16 except that it shall be unlawful to pay any such occupation tax unless
17 the sales or use tax has been paid on such mechanical amusement devices.
18 For every mechanical amusement device that is not a cash device put into
19 operation on a date subsequent to January 1, and which has not been
20 included in computing the occupation tax imposed and levied by the
21 Mechanical Amusement Device Tax Act, the occupation tax shall be due and
22 payable therefor prior to the time the mechanical amusement device is
23 placed in operation. ~~All occupation taxes collected pursuant to the act~~
24 ~~shall be remitted to the State Treasurer for credit to the General Fund.~~

25 (3) The amount of the occupation tax for each mechanical amusement
26 device that is not a cash device shall be:

27 (a) Thirty-five ~~thirty-five~~ dollars ~~for each mechanical amusement~~
28 ~~device that is not a cash device~~ for any period beginning on or after
29 January 1, 2000, and prior to January 1, 2027, except that for such
30 mechanical amusement devices placed in operation after July 1, and before
31 January 1 of any such ~~each~~ year, the occupation tax shall be twenty

1 dollars for each mechanical amusement device; -

2 (b) For calendar year 2027, seventy dollars; and

3 (c) For calendar year 2028 and each calendar year thereafter, the
4 occupation tax from the prior calendar year adjusted for inflation by the
5 department using a formula tied to the Producer Price Index for all
6 commodities, published by the United States Department of Labor, Bureau
7 of Labor Statistics. After applying the formula, the Department of
8 Revenue shall round the adjusted figure to the nearest number divisible
9 by five.

10 (4) The occupation taxes collected pursuant to this section shall be
11 remitted to the State Treasurer for credit as follows:

12 (a) Twenty percent of such amount to the Department of Revenue
13 Enforcement Fund; and

14 (b) Eighty percent of such amount to the General Fund.

15 **Sec. 8.** Section 77-3006, Revised Statutes Cumulative Supplement,
16 2024, is amended to read:

17 77-3006 (1) The administration of the Mechanical Amusement Device
18 Tax Act is hereby vested in the Tax Commissioner subject to other
19 provisions of law relating to the Tax Commissioner. The Tax Commissioner
20 may prescribe, adopt and promulgate, and enforce rules and regulations
21 relating to the administration and enforcement of the act and may
22 delegate authority to his or her representatives to conduct hearings or
23 perform any other duties imposed under the act. The Tax Commissioner
24 shall ~~may~~ adopt and promulgate rules and regulations necessary to carry
25 out section 77-3003.01. Such rules and regulations shall include
26 standards for determining when advertising or packaging is used to appeal
27 to minors or primarily marketed to minors.

28 (2) The department has the authority to review all documents between
29 a distributor, manufacturer, and operator regarding a cash device. Such
30 documents shall include, but not be limited to, any a contract,
31 agreement, lease, revenue-sharing agreement, profit-sharing document,

1 annual report, tax filing, or bill of sale.

2 (3) The department has the authority to approve all cash device
3 locations across the state. No cash device shall be moved from such cash
4 device's approved location without the prior approval of the department.
5 The department may examine and audit any retail establishment operating a
6 cash device without prior notice to verify compliance with the act.

7 (4) The department shall establish retail establishment location
8 standards required for the placement of any cash device in this state.

9 (5) The following factors shall be considered for the issuance of a
10 license to operate a cash device at a particular retail establishment
11 location:

12 (a) Whether there are physical walls separating a retail
13 establishment operating a cash device from other businesses located in
14 the same building;

15 (b) Whether there are dedicated entrances and exits to the retail
16 establishment;

17 (c) Whether a separate sales tax permit has been obtained by the
18 retail establishment;

19 (d) Whether the retail establishment has separate points of sale;

20 (e) Whether the retail establishment has separate points of ticket
21 redemption;

22 (f) Whether there is diversity of merchandise for sale in the retail
23 establishment;

24 (g) Whether the retail establishment issues a receipt for sales;

25 (h) The number of dedicated employees on duty at the same time at
26 the retail establishment;

27 (i) The level of business activity being conducted in the retail
28 establishment;

29 (j) Whether the physical space for the retail establishment within
30 the building is contiguous to other businesses; and

31 (k) Whether there are distinct owners or officers of the retail

1 establishment within the shared building.

2 **Sec. 9.** Section 77-3012, Revised Statutes Cumulative Supplement,
3 2024, is amended to read:

4 77-3012 (1) Except as otherwise provided in subsection (5) of this
5 section, a tax is hereby imposed and levied, in the amount and in
6 accordance with this section, upon the net operating revenue of all cash
7 devices operating within the State of Nebraska for profit or gain either
8 directly or indirectly received. The tax shall be paid in the amount and
9 manner specified in this section.

10 (2) Except as otherwise provided in subsection (5) of this section,
11 beginning on and after July 1, 2025, any distributor of a cash device,
12 and any operator of a cash device if the operator is not subject to a
13 revenue-sharing or other agreement with a distributor who is paying the
14 tax, shall pay a tax for each cash device in operation each calendar
15 quarter during the taxable year. The tax shall be collected by the
16 department and due and payable on January 1, April 1, July 1, and October
17 1 of each year on each cash device in operation during the preceding
18 calendar quarter. For each cash device put into operation on a date
19 subsequent to a quarterly due date that has not been included in
20 computing the tax imposed and levied by the Mechanical Amusement Device
21 Tax Act, the tax shall be due and payable on the immediately succeeding
22 quarterly due date.

23 (3) The amount of the tax imposed and levied under this section
24 shall be ten five percent of the net operating revenue for each cash
25 device. The quarterly tax shall be submitted on a form prescribed by the
26 Tax Commissioner documenting the total gross and net operating revenue
27 for that quarter.

28 (4) The Tax Commissioner shall remit the taxes collected pursuant to
29 this section to the State Treasurer for credit as follows:

30 (a) Nine and seventy-five hundredths ~~Twenty~~ percent to the
31 Department of Revenue Enforcement Charitable Gaming Operations Fund for

1 enforcement of the act and maintenance of the central server;

2 (b) Two and twenty-five hundredths ~~one-half~~ percent to the
3 Compulsive Gamblers Assistance Fund;

4 (c) Seventy-one and seventy-five hundredths ~~Two and one-half~~ percent
5 to the General Fund;

6 ~~(d) Ten percent to the Nebraska Tourism Commission Promotional Cash~~
7 ~~Fund;~~

8 ~~(e) Forty percent to the Property Tax Credit Cash Fund; and~~

9 (d) Three and seventy-five hundredths percent to the Behavioral
10 Health Services Fund; and

11 ~~(e) (f)~~ The remaining twelve and one-half ~~twenty-five~~ percent to the
12 county treasurer of the county in which the cash device is located to be
13 distributed as follows: (i) If the cash device is located completely
14 within an unincorporated area of a county, the remaining twelve and one-
15 half ~~twenty-five~~ percent shall be distributed to the county in which the
16 cash device is located, or (ii) if the cash device is located within the
17 limits of a city or village in such county, one-half of the remaining
18 twelve and one-half ~~twenty-five~~ percent shall be distributed to such
19 county and one-half of the remaining twelve and one-half ~~twenty-five~~
20 percent shall be distributed to the city or village in which such cash
21 device is located.

22 (5) This section does not apply to cash devices operated by a
23 fraternal benefit society organized and licensed under sections 44-1072
24 to 44-10,109 or a recognized veterans organization as defined in section
25 80-401.01.

26 **Sec. 10.** Section 81-3729, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 81-3729 The Nebraska Tourism Commission Promotional Cash Fund is
29 hereby created. The fund shall consist of revenue submitted by vendors
30 and retailers under section 81-3728 ~~and revenue from the tax collected on~~
31 ~~the net operating revenue of cash devices pursuant to section 77-3012.~~

1 Revenue from the sale of advertising shall be remitted to the State
2 Treasurer for credit to the fund. The commission shall use the fund to
3 carry out its purposes under the Nebraska Visitors Development Act. Any
4 money in the fund available for investment shall be invested by the state
5 investment officer pursuant to the Nebraska Capital Expansion Act and the
6 Nebraska State Funds Investment Act.

7 **Sec. 11.** Original section 81-3729, Reissue Revised Statutes of
8 Nebraska, sections 77-3003.01, 77-3003.02, 77-3004, 77-3006, and 77-3012,
9 Revised Statutes Cumulative Supplement, 2024, and sections 9-1,101,
10 71-812, 77-3003, and 77-3003.03, Revised Statutes Supplement, 2025, are
11 repealed.