

**ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025**  
**COMMITTEE STATEMENT**  
**LB177**

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**Hearing Date:** Monday January 27, 2025  
**Committee On:** General Affairs  
**Introducer:** Clouse  
**One Liner:** Redefine a term under the Gambling Winnings Setoff for Outstanding Debt Act and change provisions relating to the Mechanical Amusement Device Tax Act

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**  
**Aye:** 8 Senators Andersen, Cavanaugh, J., Clouse, DeKay, Holdcroft, Quick, Rountree, Storm  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Testimony:**

**Proponents:**  
Senator Stan Clouse

**Representing:**  
Opening Presenter

**Opponents:**

**Representing:**

**Neutral:**  
Brian Rockey  
  
John Fox  
Joe Kohout

**Representing:**  
Nebraska Lottery and Charitable Gaming Commission  
American Amusements  
Accel Entertainment

\* ADA Accommodation Written Testimony

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**Summary of purpose and/or changes:**

LB 177 makes changes to the Mechanical Amusement Device Act and the Gambling Winnings Setoff for Outstanding Debt Act.

Under the Gambling Winnings Setoff for Outstanding Debt Act, this bill changes the definition of cash device winnings as winning \$600 or more from a cash device and removes the requirement that an operator, distributor, or manufacturer of the cash device does not need to provide the winning player an IRS 1099 form.

Under the Mechanical Amusement Device Tax Act, the definition of operator is changed to mean any person who operates a place of business in which a mechanical amusement device is physically located and available for play. The bill also changes the annual license for operators, distributors, and manufacturers to a biennial license.



LB 177 requires manufacturers, distributors and operators of cash devices to have a background check completed at the time of applying for the license. This process includes; fingerprinting and a check of his or her criminal history record information maintained by the Identification Division of the Federal Bureau of Investigation through the Nebraska State Patrol for the purpose of determining whether the Department of Revenue has a basis to deny the license application or to suspend, cancel, revoke, or terminate the person's license.

#### SECTION BY SECTION SUMMARY:

Section 1: Amends Section 9-1303, subsection two, defining cash device winnings as winning \$600 or more from a cash device and removes the requirement that an operator, distributor, or manufacturer of the cash device does not need to provide the winning player an IRS 1099 form.

Section 2: Amends Section 9-1303, subsection seven, by elaborating on the definition of operator as "any person who operates a place of business in which a mechanical amusement device is physically located and available for play."

Section 3: Amends 77-3002, subsection one, by requiring an operator to register biannually instead of annually. Subsection two removes the provision of a one-time background check during the initial application for a license to operate a cash device. Additional language is used to further expand the process involved in the background check process; such as a fingerprinting and criminal history check maintained by the FBI. Each applicant must also submit a personal history report to the Department of Revenue and is subject to inspection of facilities. These changes allow the Department to conduct a background check at any time and may inspect facilities of operators anytime they hold the license and not just at the time of the application.

Section 4: Amends 77-3003, subsection one, by requiring a distributor to register biannually instead of annually. Similar to as noted above in section three, Subsection (2)(a) removes the provision of a one-time background check during the initial application for a distributor of a cash device. Additional language is used to further expand the process involved in the background check process; such as a fingerprinting and criminal history check maintained by the FBI. Each applicant must also submit a personal history report to the Department of Revenue and is subject to inspection of facilities. These changes allow the Department to conduct a background check at any time and may inspect facilities of a distributor at any time they hold the license and not just at the time of the application. Subsection three states that beginning January 1, 2025, the annual license for a distributor of a cash machine becomes biennial.

Section 5: Amends 77-3003.03, subsection one, by requiring a manufacturer of a cash device is required to obtain a biennial license to place cash devices in Nebraska instead of annually. Similar to as noted above in sections three and four, Subsection (2)(a) removes the provision of a one-time background check during the initial application for a manufacturer of a cash device. Additional language is used to further expand the process involved in the background check process; such as a fingerprinting and criminal history check maintained by the FBI. Each applicant must also submit a personal history report to the Department of Revenue and is subject to inspection of facilities. These changes allow the Department to conduct a background check at any time and may inspect facilities of a manufacturer at any time they hold the license and not just at the time of the application.

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#### Explanation of amendments:

The Committee considered and adopted a white copy amendment (AM 87). The following changes to LB 177 by AM 87 are as follows:

- Removes Section 1 from the original bill, changing the definition of cash device winnings as winning \$600 or more



from a cash device and removing the requirement that an operator, distributor, or manufacturer of the cash device does not need to provide the winning player an IRS 1099 form.

- Amends 77-3001, subsection 3, clarifies that a distributor is "...any person, other than a retail establishment, ..."
- Amends 77-3002, 77-3003, 77-3003.03, clarifying that background checks can be completed by the Department "at any time" at not just at the time of application.
- Amends 77-3003, Addresses fiscal note issue by doubling the fees of two hundred dollars per cash device up to a maximum of ten thousand dollars.
- Amends 77-3002, 77-3003, 77-3003.03, adding "or Licensee" to who should pay the costs and fees associated with the background checks.

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Rick Holdcroft, Chairperson

