

ONE HUNDRED NINTH LEGISLATURE - SECOND SESSION - 2026
COMMITTEE STATEMENT
LB890

Hearing Date: Thursday February 12, 2026
Committee On: Revenue
Introducer: Clouse
One Liner: Change provisions relating to fees and occupations taxes under the Mechanical Amusement Device Tax Act

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

Vote Results:

Aye: 8 Senators von Gillern, Bostar, Dungan, Ibach, Kauth, Jacobson, Murman, Sorrentino
Nay:
Absent:
Present Not Voting:

Testimony:

Proponents:

Nolan Lemna, for Senator Stan Clouse
Brian Rockey

Representing:

Opening Presenter
Department of Revenue, Lottery and Charitable Gaming Division

Opponents:

Jarvis Nettles

Representing:

Self

Neutral:

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 890 increases the Mechanical Amusement Device Tax Act fees and taxes. It also ties future increases of those fees to an inflation index, removing the need for future legislatures to address the increases on a regular basis. The increased fees will fund the Department of Revenue's enforcement activities through their enforcement fund and the increase in occupation taxes will be split between that fund and the General Fund.

Section-by-Section Summary:

Section 1: Amends section 77-3003 to require the Department of Revenue to remit all distributor licensing fees collected pursuant to the Mechanical Amusement Device Tax Act to the State Treasurer to be credited to the Department of Revenue Enforcement Fund.



Section 2: Amends section 77-3003.01 to increase the application fee to \$600 from January 1, 2027, to December 31, 2027. Beginning on January 1, 2028, the application fee will be adjusted to reflect inflation. It also increases the device decal fee to \$350 from January 1, 2027, to December 31, 2027. Beginning on January 1, 2028, the annual device decal fee will be adjusted to reflect inflation.

Section 3: Amends section 77-3003.03 to require the Department of Revenue to remit all manufacturer licensing fees collected pursuant to the Mechanical Amusement Device Tax Act to the State Treasurer to be credited to the Department of Revenue Enforcement Fund.

Section 4: Amends section 77-3004 to increase the occupation tax on mechanical amusement devices that are not cash devices to \$70 for calendar year 2027. Starting January 1, 2028, the occupation tax will be adjusted for inflation. Such taxes will be split, with 20% going to the Department of Revenue Enforcement Fund and 80% to the General Fund.

Section 5: Repealer.

Explanation of amendments:

AM2325 is a white copy amendment to LB890 containing the sections from LB890 and elements of LB920, striking the original sections and replacing them with the following new sections:

Section-by-Section Summary:

Section 1: Amends section 9-1,101 to strike subsection (6) which required that taxes collected pursuant to section 77-3012 be used for enforcement of the Mechanical Amusement Device Tax Act and to maintain the central server established pursuant to section 77-3013.

Section 2: Amends section 71-812 to add a subsection requiring amounts transferred to the Behavioral Health Services Fund under section 77-3012 be allocated to the behavioral health region with the lowest spending per-capita. In the event that such allocation would make the behavioral health region lose its status as the lowest spending per-capita, the allocation will be split equally between the two lowest spending per-capita behavioral health regions.

Section 3: Amends section 77-3003 to require the Department of Revenue to remit all distributor licensing fees collected pursuant to the Mechanical Amusement Device Tax Act to the State Treasurer to be credited to the Department of Revenue Enforcement Fund.

Section 4: Amends section 77-3003.01 to increase the application fee to \$650 from January 1, 2027, to December 31, 2027. Beginning on January 1, 2028, the application fee will be adjusted to reflect inflation. It also increases the device decal fee to \$350 from January 1, 2027, to December 31, 2027. Beginning on January 1, 2028, the annual device decal fee will be adjusted to reflect inflation. Allows a manufacturer or distributor to provide proof of compliance in addition to removing the cash device. Also adds language prohibiting certain marketing activities including: Cartoon-like characters appealing to minors, Imitating trademarks whose typical audience is minors, and Exterior advertising except not more than three (3) signs affixed to the building not exceeding 11" x 17".

Section 5: Amends section 77-3003.02 to add a new subsection providing that beginning August 1, 2026, cash devices operating in a retail establishment must have an attendant physically present to supervise the cash devices to ensure that no one under the age of twenty-one (21) is playing. Also strikes language to broaden the Department's authority to promulgate rules and regulations. Previously the Department was limited in areas of advertising and marketing cash devices. This is to harmonize with changes made in section 4 of the amendment.



Section 6: Amends section 77-3003.03 to require the Department of Revenue to remit all manufacturer licensing fees collected pursuant to the Mechanical Amusement Device Tax Act to the State Treasurer to be credited to the Department of Revenue Enforcement Fund.

Section 7: Amends section 77-3004 to increase the occupation tax on mechanical amusement devices that are not cash devices to \$70 for calendar year 2027. Starting January 1, 2028, the occupation tax will be adjusted for inflation. For tax years prior to January 1, 2027, the occupational tax is \$35 but \$20 for devices placed in operation after July 1 and before January 1 of such year. Such taxes will be split, with 20% going to the Department of Revenue Enforcement Fund and 80% to the General Fund.

Section 8: Amends section 77-3006 to add language vesting the Tax Commissioner with the authority and mandate to develop rules and regulations for determining when marketing is targeted towards minors. Also allows the Department to conduct no-notice inspections and audits of retail establishments operating a cash device.

Section 9: Amends section 77-3012 by changing the tax levy and distribution of said levy in the following manner:

- Increases the total levy from 5% to 10% of net operating revenue per cash device,
- Distributes 9.75% to the Department of Revenue Enforcement Fund,
- Distributes 2.25% to the Compulsive Gamblers Assistance Fund,
- Increases the distribution to the General Fund from 2.5% to 71.75%,
- Distributes 3.75% to the Behavioral Health Services Fund,
- Decreases the distribution to the counties and cities from 25% to 12.5%. Maintains the 50% split between the city/village and county in the cases where a cash device is located in a city or village.

Section 10: Amends Section 81-3729 to strike language distributing revenue from the tax collected pursuant to 77-3012 to the Nebraska Tourism Commission Promotional Cash Fund. This is to harmonize with changes made in section 9 of the amendment.

Section 11: Repealer.

R. Brad von Gillern, Chairperson

