

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised per General File Amendments

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	3,800,920	0	0	SEE BELOW
FY2027-2028	SEE BELOW	3,303,309	0	0	SEE BELOW
FY2028-2029	SEE BELOW	3,323,809	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	23,301,000	2,119,000	0	0	25,420,000
FY2027-2028	24,525,000	3,671,000	0	0	28,196,000
FY2028-2029	24,738,000	3,703,000	0	0	28,441,000

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 901 was amended by AM2406, AM2469, and FA1028 on General File. AM2406 is a white-copy amendment and includes the modified provisions of LB 890, LB 920, LB 1110 and LB 1131. AM2469 and FA1028 further modify the provisions of LB 920. The details of LB 901, as amended, are discussed below.

Modified Provisions of LB 1131

The bill establishes the Domestic Violence and Human Trafficking Service Providers Tax Credit Act.

For taxable years beginning on or after January 1, 2027, there shall be allowed refundable credits against the income tax imposed by the Nebraska Revenue Act of 1967 as follows:

1. \$240,000 of tax credits to be distributed equally among qualifying domestic violence and sexual assault programs run by tribal governments;
2. \$150,000 of tax credits to be distributed to a statewide coalition representing nonprofit organizations that have an affiliation agreement with the Department of Health and Human Services (DHHS) to provide services to victims of domestic abuse under the Protection from Domestic Abuse Act;
3. \$1,044,000 of tax credits to be distributed equally to entities described in items 1 and 2 and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking; and
4. \$1,566,000 of tax credits to be distributed to entities described in items 1 and 2 and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking as follows:
 - o \$1,252,800 of tax credits to be distributed based on the population of the program or service area as shown by the latest federal decennial census or as determined by the DOR if such census data is not available; and
 - o \$313,200 of tax credits to be distributed based on the square miles of the program or service area.

The Department of Revenue (DOR) may adopt and promulgate rules and regulations to carry out the Act.

The bill amends section 77-202 to remove a personal property tax exemption regarding data centers.

Modified Provisions of LB 1110

The bill provides that DHHS and the DOR, for the purpose of the proper administration of the laws administered by each agency, shall, upon request, disclose confidential information about persons, businesses, and state and local subdivisions to the other agency.

The bill also provides the following:

- The DOR shall add a collection fee in the amount of \$25 or 10% of the tax liability, whichever is greater, to all delinquent tax claims. In addition to the collection fee, the DOR shall add the actual costs incurred by the DOR to collect delinquent taxes to the tax liability at the time such costs are incurred.
- The DOR shall add an assessment fee in the amount of \$25 or 10% of the tax liability, whichever is greater, to all assessments and notices of deficiency when issued. If the assessment or notice of deficiency becomes due and owing, the assessment fee shall be recalculated on the tax liability as of the date when the assessment or notice of deficiency becomes due and owing.
- The Tax Commissioner may require any person filing a petition for redetermination of a notice and demand for payment issued pursuant to section 77-1783.01 or a notice of a deficiency determination issued pursuant to the Nebraska Revenue Act of 1967, to remit a filing fee of \$40 to the DOR.
- All applications for a waiver of interest or penalty pursuant to the statutory authority of the Tax Commissioner shall be submitted with a fee of \$25.
- All written requests for a certificate stating no tax is due which are filed pursuant to section 77-2707 shall be submitted with a fee of \$25.

The fees and costs collected by the DOR pursuant to the items listed above shall be remitted to the State Treasurer for credit to the DOR Enforcement Fund. Beginning on January 1, 2027, and on January 1 of successive years, the DOR shall increase the fees provided for above based on inflation.

The bill amends section 9-1,101 to remove the provision that the taxes collected and available to the Charitable Gaming Division pursuant to section 77-3012 shall be used by the division for enforcement of the Mechanical Amusement Device Tax Act and maintenance of the central server established pursuant to section 77-3013.

The bill amends section 77-367 to eliminate the 10% of proceeds that are credited to the DOR Enforcement Fund from being used for purposes of identifying nonfilers, underreporters, nonpayers, and improper or fraudulent payments.

The bill amends section 77-377.01 to remove the agency from having expenditures regarding delinquent tax claims that may be assigned to the collection agency, for the purpose of litigation in the agency's name.

The bill amends section 77-377.02 to add a subsection (2) to provide that if, at the time a delinquent tax claim is assigned to a collection agency, any collection fees or costs were added to the tax liability pursuant to bullet items 1 and 2 listed above, then a portion of such fees and costs, up to 50% of the balance of the delinquent tax claim, shall be added to the amount owed and collected from the taxpayer along with the fees for the collection agency's services as provided in the contract. The collection fees and costs added to the amount owed and collected from the taxpayer pursuant to this subsection shall be remitted and deposited in the same manner as the taxes being collected.

The bill amends section 77-3,109 so that the DOR shall credit any charges to persons and state agencies for the specified publications to the DOR Enforcement Fund.

The bill amends section 77-3,118 so that the DOR shall credit charges to persons and state agencies for any listings made by the DOR of information that is not confidential to the DOR Enforcement Fund.

The bill amends section 77-27,107 to provide that the Tax Commissioner may register a claim for any delinquent taxes due and owing as a judgment in the office of the clerk of the district court of Lancaster County in the same manner as a foreign judgment is filed under the Nebraska Uniform Enforcement of Foreign Judgments Act.

The bill amends section 77-5601 to change the uses of the DOR Enforcement Fund so that money in the fund shall be used by the DOR for the administration and enforcement of any activity or function administered by the Tax Commissioner. The bill also removes investment earnings from investment of money in the fund from being credited to the General Fund.

Modified Provisions of LB 890

The bill amends section 77-3003 to provide that beginning January 1, 2025, the biennial license for a distributor of a cash device shall be accompanied by a fee of \$200 per cash device up to a maximum of \$10,000. The DOR shall remit these license fees collected by DOR to the State Treasurer for credit to the DOR Enforcement Fund.

The bill amends section 77-3003.01 to provide that a manufacturer or distributor of a cash device shall pay an application fee. The application fee shall be:

- \$500 prior to January 1, 2027;
- \$650 beginning January 1, 2027, and prior to January 1, 2028; and
- Beginning January 1, 2028, and January 1 of each year thereafter, the fee from the prior calendar year adjusted for inflation.

The bill also amends section 77-3003.01 to provide that for each cash device in operation in Nebraska the annual decal fee shall be:

- \$250 prior to January 1, 2027;
- \$350 beginning January 1, 2027, and prior to January 1, 2028; and
- Beginning January 1, 2028, and January 1 of each year thereafter, the fee from the prior calendar year adjusted for inflation.

The application fee and annual decal fee amended in section 77-3003.01 are credited to the DOR Enforcement Fund under current statute as well as under the bill.

The bill amends section 77-3003.03 to provide that a manufacturer of a cash device shall be required to procure a biennial license from the Tax Commissioner permitting such manufacturer to place any cash devices in the State of Nebraska for sale, lease, or distribution through a 3rd party. The license fee for a manufacturer of a cash device shall be \$10,000. The DOR shall remit these license fees collected by the DOR to the State Treasurer for credit to the DOR Enforcement Fund.

The bill amends section 77-3004 to change the occupation tax on mechanical amusement devices that are not cash devices to the following:

- \$35 prior to January 1, 2027, except that for such mechanical amusement devices placed in operation after July 1, and before January 1 of any such year, the occupation tax shall be \$20 for each mechanical amusement device;
- For calendar year 2027, the occupation tax is \$70; and
- For calendar year 2028 and each calendar year thereafter, the occupation tax from the prior calendar year adjusted for inflation.

These occupation taxes shall be remitted to the State Treasurer for credit as follows:

- 20% to the DOR Enforcement Fund; and
- 80% to the General Fund.

Under current statute, these occupation taxes are fully credited to the General Fund.

Under current law, for the fees discussed in this bill under section 77-3003 and section 77-3003.03, these fees are to be credited to the General Fund. Revenue from these fees is \$813,100 in FY25 and is \$426,500 through January of FY26. It appears the DOR has been crediting these fees, however, to the DOR Enforcement Fund in FY25 and FY26. As such, there is no estimated fiscal impact from the change in the bill going forward.

Modified Provisions of LB 1109

The bill repeals the following sales and use tax exemptions:

- For nonprofit organizations under section 77-2704.12 (1)(j)

- Species of game birds subject to permit and regulation by the Game and Parks Commission
- Community-based energy development (C-BED) project exemptions under section 77-2704.57
- Mineral oil to be applied to grain as a dust suppressant
- Biochips used for the purposes of conducting genotyping or the analysis of gene expression, protein expression, genomic sequencing, or protein profiling of plants, animals, or nonhuman laboratory research model organisms
- Data center exemptions under section 77-2704.62

The bill amends the following tax credits:

- The renewable energy credit under section 77-27, 235 ends at the end of FY26
- Removes the credit allowed under section 77-5803 of the Nebraska Advantage Research and Development Act from being able to be used as a refundable credit claimed on an income tax return of the taxpayer
- Removes Waste Treatment and Disposal— 5622 as a qualified location under section 77-6818 of the ImagiNE Nebraska Act

Modified Provisions of LB 920

The bill provides that an operator, distributor, or manufacturer of a cash device shall not market, advertise, promote, or make available any cash device in the state if the device or its container, packaging, or advertising materials:

- Depict a cartoon-like or fictional character primarily used to appeal to minors; or
- Imitate or mimic the trademark, trade dress, branding, or packaging of products primarily marketed to minors.

Under the bill, no person shall place or permit exterior advertising for a cash device on or about any premises where such device is located except as provided in the bill.

The bill provides that beginning August 1, 2026, an operator of a cash device shall not make such device available for play at a retail establishment unless an attendant is physically present on the premises of such retail establishment and capable of actively supervising play of such cash device.

The bill amends the tax upon the net operating revenue of cash devices from 5% to 10%.

The bill changes the distribution of the tax on cash devices to the following:

- General Fund: 65.25% (a change from the current 2.5%)
- Charitable Gaming Operations Fund: 0% (a change from the current 20%)
- DOR Enforcement Fund: 9.75% (a change from the current 0%)
- Compulsive Gamblers Assistance Fund: 2.25% (a change from the current 2.5%)
- Nebraska Tourism Commission Promotional Cash Fund: 0% (a change from the current 10%)
- Property Tax Credit Cash Fund: 6.50% (a change from the current 40%)
- Behavioral Health Services Fund: 3.75% (a change from the current 0%)
- Cities/Counties: 12.5% (a change from the current 25%)

The bill amends section 71-812 regarding the Behavioral Health Services Fund to provide that money transferred to the fund under section 77-3012 shall be allocated to the behavioral health authority of the behavioral health region with the lowest per-capita spending. If allocation of the full amount transferred pursuant to section 77-3012 would alter the region's status as the region with the lowest per-capita spending, then after such initial disbursement to make the region with the lowest per-capita spending equal to the region with the second-lowest per-capita spending, the remainder shall be allocated equally to the behavioral health authorities of the behavioral health regions with the lowest and second-lowest per-capita spending.

Revenues:

The DOR estimates the following increases to General Fund and Cash Fund revenues as a result of the bill:

	FY27	FY28	FY29
General Fund	\$ 23,301,000	\$ 24,525,000	\$ 24,738,000
Revenue Enforcement Fund	\$ 4,549,000	\$ 7,118,000	\$ 7,275,000
Charitable Gaming Operations Fund	\$ (1,255,000)	\$ (1,723,000)	\$ (1,775,000)
Compulsive Gamblers Assistance Fund	\$ 125,000	\$ 172,000	\$ 177,000
Nebraska Tourism Commission Promotional Cash Fund	\$ (627,000)	\$ (861,000)	\$ (887,000)
Property Tax Credit Cash Fund	\$ (1,694,000)	\$ (2,326,000)	\$ (2,396,000)
Behavioral Health Services Fund	\$ 470,000	\$ 646,000	\$ 665,000
Highway Trust Fund	\$ 551,000	\$ 645,000	\$ 644,000
State Total	\$ 25,420,000	\$ 28,196,000	\$ 28,441,000

Highway Allocation Fund	\$ 97,000	\$ 114,000	\$ 114,000
Overall Total	\$ 25,517,000	\$ 28,310,000	\$ 28,555,000

There is estimated to be revenue increases to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties.

The General Fund impact reflects changes to fees/taxes under provisions connected to LB 890 and LB 1110, the change to the cash device tax rate and distribution under the provisions connected to LB 920, the revenue increases as a result of the provisions connected to LB 1109, and the revenue decreases as a result of the provisions connected to LB 1131. DOR Enforcement Fund impact reflects changes to fees under provisions connected to LB 890 and LB 1110 as well the change to the cash device tax and distribution under the provisions connected to LB 920. The impact to the Highway Trust Fund and Highway Allocation Fund is as a result of sales tax changes connected to the provisions of LB 1109. The impact to the other funds in the table above is as a result of the change to the cash device tax rate and distribution under the provisions connected to LB 920.

The Nebraska Association of County Officials estimates an indeterminant increase in property tax revenues as a result of the elimination of the personal property tax exemption regarding data centers. A change in the taxable base for schools due to the elimination of the exemption of property could have an impact on state aid under TEEOSA, but any such amount is indeterminate.

Expenditures:

The DOR estimates the need for a one-time charge of \$564,711 in FY27 as a result of the provisions connected to LB 1131 to be paid to the Office of the Chief Information Officer (OCIO) for programming and development costs and the need for 0.5 FTE IT Business Systems Analyst-Coordinator paid from the General Fund.

The DOR estimates a one-time charge of \$105,300 in FY27 as a result of the provisions connected to LB 1110 to be paid to the Office of the Chief Information Officer (OCIO) for programming and development costs paid from the DOR Enforcement Fund.

We estimate these costs for the DOR to be paid for with the increase in revenue to the DOR Enforcement Cash Fund as a result of the provisions connected to LB 890 and LB 1110 under the bill. Additionally, the fee revenue from the bill credited to the DOR Enforcement Fund allows for an elimination of DOR's Revenue Administration Program General Fund appropriation starting FY27 with the total FY27 appropriation for this program at \$2,606,009 in FY27 under the Appropriations Committee proposed budget and an increase in the Cash Fund appropriation in FY27 for the Program by \$2,606,009 and the additional costs of DOR under the bill of \$724,911 creating a total increase of Cash Fund appropriations for this Program of \$3,330,920. Cash Fund appropriations for FY28 and FY29 for the DOR reflect the \$2,606,009 increase in Cash Fund appropriation as well as continued personnel costs for the DOR of \$51,300 in FY28 and \$52,800 in FY29.

DHHS estimated in a previous fiscal note response regarding the provisions connected to LB 1110 staff time that may be needed to initiate data sharing between DOR and DHHS and IT costs totaling \$80,940 in FY27. DHHS plans to absorb these costs with current staff and resources.

We also estimate that the increases in revenue into the Behavioral Health Services Fund are to be expended by DHHS each fiscal year.

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2026

LB⁽¹⁾ LB 901AM2406AM2469FA1028

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Economic Development

Prepared by: ⁽³⁾ Stacey Parr Date Prepared: ⁽⁴⁾ 3/12/2026 Phone: ⁽⁵⁾ (402) 471-3834

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 901 as amended by AM2406 strikes the Act’s original sections to include several provisions related to tax credits, tax administration and enforcement, sales and use tax exemptions, property tax exemptions, income tax provisions, and related provisions. AM2406, as it pertains to the Department of Economic Development, amends the business activities under the ImagiNE Nebraska Act Section 77-6818 by striking paragraph (1)(u) “Waste Treatment and Disposal – 562.”

AM2469 and FA1028 further amend the Mechanical Amusement Device Tax Act provisions to:

- Increase the maximum number of cash devices permitted in any retail establishment located outside of a qualified to census tract by one, totaling five;
- Add provisions regarding cash device decal replacement; and
- Reduce the amount of taxes remitted to the General Fund from seventy-one and seventy-five hundredths to sixty-five and twenty-five hundredths, providing six and five tenths to the Property Tax Credit Cash Fund.

Based on the current language, DED does not expect any change with current resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27 EXPENDITURES</u>	<u>2027-28 EXPENDITURES</u>
	<u>26-27</u>	<u>27-28</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2026

LB⁽¹⁾ 901, AM2406, AM2469, FA1028

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: 3/9/2026 ⁽⁴⁾

Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB901, AM2406 would strike the personal property exemption for data center personal property acquired in Nebraska for the purpose of use outside of Nebraska. Striking an exemption would increase the tax base and generate some unknown amount of revenue. Since data centers vary on square footage, how much personal property is on that square footage, and how old that property is (large industry leaders likely having newer equipment while smaller companies will typically have older equipment), providing an estimate will include numerous unknown variables, such as historical revenue from this new source. It should be noted, however, that increases in personal property valuations are considered growth value for purposes of the Property Tax Growth Limitation Act, and will be an increase in property taxes in those political subdivisions where data centers are located.

The net operating revenue of all cash devices operating in the State, except for those operated by a fraternal benefit society, would be increased from 5% to 10% of the net operating revenue for each cash device. The funds would be distributed to various funds, with the remaining 12 and 1/2 % to go to the county in which the device is located. While this is a reduction from 25%, with the net operating revenue being doubled, it would be zero sum gain or loss to counties.

While other costs were modified in LB901, AM2406 and AM2469 they do not impact counties specifically.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27 EXPENDITURES	2027-28 EXPENDITURES
	26-27	27-28		
Benefits				
...				
Operating				
....				
Travel				
.				
Capital outlay				
Aid				
.				
Capital improvements				

TOTAL.....

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:		
Approved by: James R. Kamm				Date Prepared: 03/10/2026		
				Phone: 471-5896		
	FY 2026-2027		FY 2027-2028		FY 2028-2029	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$619,611	\$23,301,000	\$51,300	\$24,525,000	\$52,800	\$24,738,000
Cash Funds	\$105,300	\$2,119,000		\$3,671,000		\$3,703,000
Federal Funds						
Other Funds		\$97,000		\$114,000		\$114,000
Total Funds	\$724,911	\$25,517,000	\$51,300	\$28,310,000	\$52,800	\$28,555,000

AM 2406 of LB 901 strikes the original sections and inserts the following:

Sections 1 through 4 creates the Domestic Violence and Human Trafficking Service Providers Tax Credit Act (DV & HTSP Act). For taxable years beginning on or after January 1, 2027, the DV & HTSP Act allows refundable credits against the income tax of the Nebraska Revenue Act of 1967 as follows:

- a) \$250,000 to be distributed equally among qualifying domestic violence and sexual assault programs run by tribal governments;
- b) \$150,000 to be distributed to a statewide coalition representing nonprofit organizations that have an affiliation agreement with the Department of Health and Human Services (DHHS) to provide services to victims of domestic abuse under the Protection from Domestic Abuse Act;
- c) \$1,044,000 to be distributed equally to entities described in subdivision a) and b) of this section and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking;
- d) \$1,566,000 to be distributed to entities described in subdivisions a) and b) of this section and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking as follows:
 - a) \$1,252,800 to be distributed based on the population of the program or service area as shown by the latest federal decennial census or as determined by the Department of Revenue (DOR) if such census data is unavailable; and
 - b) \$313,000 to be distributed based on the square miles of the program or service area;

The DOR must distribute all credits allowed under the DV & HTSP Act each calendar year. A credit recipient may sell all or a portion of the credit received under the DV & HTSP Act to another taxpayer. The purchasing taxpayer must have received a transfer of the credit prior to the date a tax return, or amended return, claiming

Major Objects of Expenditure							
<u>Class Code</u>	<u>Classification Title</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>28-29 FTE</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>	<u>28-29 Expenditures</u>
A07082	Information Technology Business Systems Analyst/Coordinator	0.5	0.5	0.5	\$37,500	\$38,600	\$39,700
Benefits.....					\$12,400	\$12,700	\$13,100
....							
Operating Costs.....					\$670,011		
Travel.....							
....							
Capital Outlay.....					\$5,000		
Capital Improvements.....							
Total.....					\$724,911	\$51,300	\$52,800
....							

the tax credit is filed. For any tax year in which a credit is sold, the credit recipient selling the tax credit must notify the DOR of the sale and provide the tax identification number of the purchasing taxpayer at least 30 days prior to the taxpayer claims the tax credit. The notification will be in the manner prescribed by the DOR.

The DOR may adopt and promulgate rules and regulations to carry out the DV & HTSP Act.

Section 5 provides that, beginning October 31, 2026, the DHHS and the DOR for the purpose of proper administration of the laws administered by each agency, will upon request disclose confidential information to the other agency. The confidential information may be about persons, businesses, and state and local subdivisions. The receiving agency must not use any confidential information obtained from the transmitting agency except for purposes directly connected with the proper administration of the laws administered by each agency.

The disclosures may be made under Section 5 notwithstanding any other provision of law of this State regarding disclosure of information by either agency. Any information received by either agency under this section must be considered confidential as required by the applicable state laws or rules and regulations which govern the transmitting agency's disclosure of the information and any use of such information after such disclosure. Any individual who discloses such information other than as specifically allowed by this section or other laws of this State must be subject to the penalties normally imposed on individuals who improperly disclose such information.

Section 6 provides the following:

- 1) The DOR will add a collection fee of \$25 or 10% of the tax liability, whichever is greater, to all delinquent tax claims regardless of whether the claim has been assigned to a collection agency under Neb. Rev. Stat. §§ 77-377.01 to 77-377.04. Delinquent tax claim has the same meaning as in § 77-377.01.
- 2) In addition to the collection fee in subsection 1), the DOR will add the actual costs incurred by the DOR to collect delinquent taxes to the tax liability at the time such costs are incurred.
- 3) The DOR will add an assessment fee of \$25 or 10% of the tax liability, whichever is greater, to all assessments and notices of deficiency when issued. If the assessment or notice of deficiency becomes due and owing, the assessment fee will be recalculated on the tax liability as of the date when the assessment or notice of deficiency becomes due and owing.
- 4)
 - a) The Tax Commissioner may require any person to remit a \$40 filing fee when filing a petition for redetermination of
 - i. a notice and demand for payment issued under § 77 1783.01 or
 - ii. a notice of a deficiency determination issued under the Nebraska Revenue Act of 1967.
 - b) Any person may file an application with the DOR claiming he or she is indigent. A person determined indigent by the DOR will not be required to remit the filing fee in subsection 4(a). AM 2406 defines indigent and provides the circumstances the DOR will consider when making the determination.
- 5) All applications for waiver of interest or penalty under the statutory authority of the Tax Commissioner will be submitted with a \$25 fee.
- 6) All written requests for a certificate stating no tax is due under § 77-2707 will be submitted with a \$25 fee.

- 7) The fees and costs collected by the DOR under this section will be remitted to the State Treasurer for credit to the Department of Revenue Enforcement Fund (DOR Enforcement Fund).
- 8) Beginning January 1, 2027, and each January 1 of successive years, the DOR will increase the fees provided in this section by the percentage change, if any, as of August of the previous year over the level as of August of the year preceding that year in the Consumer Price Index for all Urban Consumers, Midwest Region, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

Section 7 strikes language from 9-1,101 that said the taxes collected pursuant to 77-3012 shall be used by the division for enforcement of the MAD Act and maintenance of the central server established in 77-3013.

Section 8 amends Neb. Rev. Stat. § 71-812 to require an allocation for money transferred to the Behavioral Health Services Fund under § 77-3012.

Section 9 repeals Neb. Rev. Stat. § 77-202(10), eliminating the personal property tax exemption for personal property that is assembled, engineered, or processed as part of a data center, for the purpose of subsequent use at a physical location outside this State.

Section 10 eliminates the requirement in § 77-367(2) to use the proceeds deposited in the DOR Enforcement Fund for purposes of identifying nonfilers, underreporters, nonpayers, and improper or fraudulent payments.

Section 11 eliminates the provision that the assignment of delinquent tax claims to a collection agency under § 77-377.01, for purposes of litigation in the agency's name, will be at the agency's expense.

Section 12 amends § 77-377.02 to provide that if any collection fees or costs were added to the tax liability at the time a delinquent tax claim is assigned to a collection agency under Section 6(1) and (2) of LB 1110, then a portion of the fees or costs, up to 50% of the balance of the delinquent tax claim, will be added to the amount owned and collected from the taxpayer along with the fees for the collection agency's services as provided in the contract. The collection fees and costs added to the amount owed and collected from the taxpayer under this subsection will be remitted and deposited in the same manner as the taxes being collected. For purposes of this subsection, delinquent tax claim will have the same meaning as in § 77-377.01.

Section 13 removes mineral oil as dust suppressant from the tax expenditure report in Neb. Rev. Stat. § 77-382.

Section 14 amends § 77-3,109 to provide that DOR will remit all funds received from purchases of certain DOR publications to the State Treasurer for credit to the DOR Enforcement Fund.

Section 15 amends § 77-3,118 to provide that the funds received for any listings made by the DOR of information that is not confidential will be remitted to the DOR Enforcement Fund.

Section 16 repeals the sales and use tax exemption for purchases made by any nonprofit organization for purchases of property that will be transferred to an organization listed in Neb. Rev. Stat. § 77-2704.12(a) to (i) until the property is transferred or the contract for which the property was purchased is completed in Neb. Rev. Stat. § 77-2704.12(1)(j).

Section 17 repeals the sales and use tax exemption for sales of game birds subject to permit and regulation by the Games and Parks Commission in Neb. Rev. Stat. § 77-2704.46.

Sections 18 through 20 amends the respective tax credit statutes to provide the refundable credit provided under the DV & HTSP Act is allowed to all individuals in Neb. Rev. Stat. § 77-2715.07(8); resident and nonresident estate or trusts and resident and nonresident beneficiaries of the estates or trusts as provided in Neb. Rev. Stat. § 77-2717; and to corporate taxpayers in Neb. Rev. Stat. § 77-2734.03.

Section 21 amends § 77-27,107 to provide that the Tax Commissioner may register a claim for any delinquent taxes due and owing as a judgment in the office of the clerk of the district court of Lancaster County in the same manner as a foreign judgment is filed under the Nebraska Uniform Enforcement of Foreign Judgments Act.

Section 22 sunsets the renewable energy tax credit in Neb. Rev. Stat. § 77-27,235 and can no longer be earned after June 30, 2026 (before July 1, 2026).

Section 23 clarifies that license fees collected for licensing distributors of cash devices will be sent to the Department of Revenue Enforcement Fund.

Section 24 of AM 2406 amends Neb. Rev. Stat. § 77-3003.01 and increases the fee for receiving approval of a cash device from \$500 to \$650 beginning January 1, 2027. This is a one-time application fee. Beginning January 1, 2028 and every January 1 thereafter, the one-time fee will adjust in accordance with the Producer Price Index and rounded to the nearest number divisible by fifty.

AM 2469 increases the number of cash devices to five (from four) in section 77-3003.01(8)(b)(ii)(B), and provides that the number will be four cash devices for an establishment located in a qualified census tract.

Section 24 of AM 2406 increases the annual decal fee from \$250 to \$350 beginning January 1, 2027. Beginning January 1, 2028 and each January 1 thereafter, this annual fee will be adjusted in accordance with the Producer Price Index and rounded to the nearest number divisible by fifty.

AM 2469 adds that an annual decal issued for each cash device will be replaced by the DOR without the payment of an additional fee under the following circumstances:

- A. if the decal is damaged through no fault of the distributor or operator; or
- B. if the cabinet on the cash device is destroyed beyond repair through no fault of the distributor or operator. It provides that a replacement decal is not required
 - a. if the internal components of the cash device require replacement due to failure or damage and the replacement of such components does not change the approved cash device software currently on the device or
 - b. when cash device software is updated to improve security or resolve issues or defects. Any replacement decal will be valid for the same time period as the decal that was first issued.

Section 24 of AM 2406 adds requirements about the appearance of cash devices and how they are promoted and advertised. Cash devices would be prohibited from utilizing cartoons or fictional characters that primarily appeal to minors. They cannot imitate or mimic the trademark, trade dress, branding, or packaging of products primarily marketed to minors. Locations may not utilize more than three exterior signs regarding cash devices and those signs have specific size requirements. Locations may not utilize outside banners, flags, window wraps, digital displays, vehicle wraps, or other outside advertisement that isn't explicitly permitted.

Section 25 provides that, beginning August 1, 2026, a location may not have cash devices unless "an attendant is physically present" and "capable of actively supervising play of such cash device." An attendant is considered actively supervising if they "visually confirm the age of the player in conjunction with the age-

verification required...” and “continuously monitors the area in which a cash device is located and intervenes to prevent play...” by underage individuals.

Section 26 clarifies that the license fees collected for licensing manufacturers of cash devices will be sent to the Department of Revenue Enforcement Fund. This does not increase this fee nor adjust for inflation.

Section 27 provides that the occupation tax on mechanical amusement devices which are not cash devices will increase from \$35 to \$70 beginning on January 1, 2027. Beginning on January 1, 2028, the fee will adjust in accordance with the Producer Price Index. It appears beginning with January 1, 2027, the decal fee is no longer prorated for purchases of decals made after July 1 of a calendar year. This section further clarifies that of this occupation tax, 20% is to be sent to the Department of Revenue Enforcement Fund and the remaining 80% is to be sent to the general fund.

Section 28 requires the DOR to develop rules and regulations regarding advertising used to appeal to minors. Section 28 adds that the DOR may examine and audit any retail establishment operating devices without notice, to verify compliance with the act.

Section 29 increases the net operating revenue tax from 5% to 10%. The current breakdown of the tax collected is as follows:

	Current Breakdown	Under LB 901 as amended
Charitable Gaming Operations Fund	20.00%	9.75%
Compulsive Gamblers Assistance Fund	2.50%	2.25%
General Fund	2.50%	65.25%
Nebraska Tourism Commission Promotional Cash Fund	10.00%	0.00%
Property Tax Credit Cash Fund	40.00%	6.50%
Counties	25.00%	12.50%
Behavioral Health Services Fund	0.00%	3.75%

Section 30 amends § 77-5601 to remove duplicative transfer language to the DOR Enforcement Fund of 10% of all proceeds received during the calendar year for contracts entered into under § 77-367. See Section 10 description above.

Section 31 eliminates the refundable income tax credit allowed under the Nebraska Advantage Research and Development Act in Neb. Rev. Stat. § 77-5804. Taxpayers would be able to use the credit to obtain a sales and use tax refund or against their income tax liability (nonrefundable).

Section 32 amends Neb. Rev. Stat. § 77-6818 to eliminate Waste Treatment and Disposal – 5622 as a qualified location for the ImagiNE Nebraska Act.

Section 33 removes the revenue from the tax collected on the net operating revenue of cash devices from the Nebraska Tourism Commission Promotional Cash Fund.

Section 38 outright repeals the following:

- Neb. Rev. Stat. § 77-2701.54, the definition of data center.
- Neb. Rev. Stat. § 77-2704.57, the sales and use tax exemption for purchases of materials for the manufacture, installation, construction, repair, replacement of a community-based energy development (C-BED) project.
- Neb. Rev. Stat. § 77-2704.60, the sales and use tax exemption for sales of mineral oil to be applied to gain as a dust suppressant.
- Neb. Rev. Stat. § 77-2704.61, the sales and use tax exemption for sales of biochips used for purposes of conducting genotyping or the analysis of gene expression, protein expression, genomic sequencing, or protein profiling of plants, animals, or nonhuman laboratory research model organisms.
- Neb. Rev. Stat. § 77-2704.62, the sales and use tax exemption for any tangible personal property acquired by a person operating a data center, which is an organized assembly of hardware and software and related infrastructure (including environmental control) for the purpose of storing, managing, or disseminating data which is subsequently used outside the state.

LB 901 as amended carries an emergency clause.

Section 34 provides the operative dates:

- Sections 1 through 4, 9, 18 through 20, and 26 become operative on January 1, 2027.
- Sections 5 through 7, 10 through 17, 21, 22, 30 through 32, 35 and 38 become operative on July 1, 2026.
- Sections 8, 23 through 29, 33, and 37 become operative three months after adjournment.
- Other sections become operative on their effective date.

LB 901 as amended by AM 2406 AM 2469 and FA 1028 is estimated to have the following fiscal impact to the general fund revenues and other cash fund revenues:

	FY26-27	FY27-28	FY28-29
General Fund revenues	\$ 23,301,000	\$ 24,525,000	\$ 24,738,000
Revenue Enforcement Fund	\$ 4,549,000	\$ 7,118,000	\$ 7,275,000
Charitable Gaming Operations Fund	\$ (1,255,000)	\$ (1,723,000)	\$ (1,775,000)
Compulsive Gamblers Assistance Fund	\$ 125,000	\$ 172,000	\$ 177,000
Nebraska Tourism Commission Promotional Cash Fund	\$ (627,000)	\$ (861,000)	\$ (887,000)
Property Tax Credit Cash Fund	\$ (1,694,000)	\$ (2,326,000)	\$ (2,396,000)
Behavioral Health Services Fund	\$ 470,000	\$ 646,000	\$ 665,000
Highway Trust Fund	\$ 551,000	\$ 645,000	\$ 644,000
Highway Allocation	\$ 97,000	\$ 114,000	\$ 114,000

Fund (Cities and Counties)			
Total	\$ 25,517,000	\$ 28,310,000	\$ 28,555,000

It is estimated that LB 901 AM 2406 AM 2469 FA 1028 will require a one-time programming charge of \$670,011 for programming and development costs. The DOR will also need to hire 0.5 FTE information Technology Business Systems Analyst/Coordinator to implement the LB 901 as amended.

Please complete ALL (5) blanks in the first three lines.

2026

LB⁽¹⁾ 901 AM2406 AM2469 FA1028

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Nebraska Tourism Commission

Prepared by: ⁽³⁾ Alisha Simonson

Date Prepared: 03/10/2026
⁽⁴⁾

Phone: ⁽⁵⁾ 402-471-3796

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS		(636,653)		(636,653)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

The tax imposed to be transferred to the Nebraska Tourism Commission on the cash devices under the Mechanical Amusement Device Tax Act would be reduced from 10% to 0%.

Above revenue losses based on two quarterly deposits received since implementation on July 1, 2025, totaling \$318,326.52.

FA1028 has no additional impacts based on the Amendment.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27 EXPENDITURES</u>	<u>2027-28 EXPENDITURES</u>
	<u>26-27</u>	<u>27-28</u>		
Benefits.....				
... Operating.....				
.... Travel.....				
. Capital outlay.....				
Aid.....				
. Capital improvements.....				
TOTAL.....				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 901 AM: 2406, 2469, FA1028 AGENCY/POLT. SUB: Nebraska Department of Revenue (NDOR)

REVIEWED BY: Ryan Yang DATE: 3/10/2026 PHONE: (402) 471-4178

COMMENTS: The NDOR assessment of fiscal impact from LB 901 as amended appears reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 901 AM: 2406, 2469, FA1028 AGENCY/POLT. SUB: Department of Economic Development (DED)

REVIEWED BY: Ryan Yang DATE: 3/12/2026 PHONE: (402) 471-4178

COMMENTS: The DED assessment of no fiscal impact from LB 901 as amended appears reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 901 AM: 2406, 2469, FA1028 AGENCY/POLT. SUB: Nebraska Tourism Commission

REVIEWED BY: Ryan Yang DATE: 3/12/2026 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the Tourism Commission assessment of negative fiscal impact from LB 901 as amended.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 901 AM: 2406, 2469, FA1028 AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)

REVIEWED BY: Ryan Yang DATE: 3/9/26 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the NACO assessment of no fiscal impact to counties from LB 901 as amended.