

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 177**

Introduced by Clouse, 37.

Read first time January 13, 2025

Committee: General Affairs

1 A BILL FOR AN ACT relating to cash devices; to amend sections 9-1303,  
2 77-3001, 77-3002, 77-3003, and 77-3003.03, Revised Statutes  
3 Cumulative Supplement, 2024; to redefine a term under the Gambling  
4 Winnings Setoff for Outstanding Debt Act; to change provisions  
5 relating to certain licenses issued under the Mechanical Amusement  
6 Device Tax Act; to harmonize provisions; and to repeal the original  
7 sections.  
8 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 9-1303, Revised Statutes Cumulative Supplement,  
2 2024, is amended to read:

3           9-1303 For purposes of the Gambling Winnings Setoff for Outstanding  
4 Debt Act, unless the context otherwise requires:

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

7           (2) Cash device winnings means any cash prize of six hundred dollars  
8 or more won by a player of a cash device as defined in section 77-3001  
9 ~~that requires the operator, distributor, or manufacturer of such cash~~  
10 ~~device to provide the player with an Internal Revenue Service Form 1099;~~

11           (3) Casino winnings means any winnings that are required to be  
12 reported on Internal Revenue Service Form W-2G won by a player from a  
13 game of chance at a licensed racetrack enclosure under the jurisdiction  
14 of the State Racing and Gaming Commission;

15           (4) Claimant means:

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

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

23           (c) Any person or entity entitled to receive child support, spousal  
24 support, or medical support as defined in section 43-1712.01 pursuant to  
25 an order issued by a court or agency of another state or jurisdiction,  
26 including an agency of another state or jurisdiction to which a person  
27 has assigned his or her right to receive such support. Such a claimant  
28 shall submit certification and documentation to the Department of Health  
29 and Human Services sufficient to satisfy the requirements of section  
30 43-1730;

31           (5) Collection system means the collection system developed and

1 implemented pursuant to section 9-1304;

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

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

9 (8) Obligor means any individual (a) owing money to or having a  
10 delinquent account with any claimant that has not been satisfied by court  
11 order, set aside by court order, or discharged in bankruptcy or (b) owing  
12 money on an outstanding state tax liability;

13 (9) Operator means an authorized gaming operator as defined in  
14 section 9-1103, any corporation or association licensed under sections  
15 2-1201 to 2-1218 and authorized to conduct parimutuel wagering at a  
16 licensed racetrack, and any operator, distributor, or manufacturer of a  
17 cash device licensed under the Mechanical Amusement Device Tax Act;

18 (10) Outstanding state tax liability means any liability arising  
19 from any tax or fee, including penalties and interest, under any tax  
20 program administered by the Tax Commissioner, Department of Labor, or  
21 Department of Motor Vehicles;

22 (11) Parimutuel winnings means any winnings that are required to be  
23 reported on Internal Revenue Service Form W-2G and have tax withheld by  
24 the operator and that are won by a player from a parimutuel wager at a  
25 licensed racetrack under the jurisdiction of the State Racing and Gaming  
26 Commission;

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

1 (13) Spousal support has the same meaning as in section 43-1715; and  
2 (14) Winnings payment means a payout of casino winnings, parimutuel  
3 winnings, sports wagering winnings, or cash device winnings to which an  
4 individual is entitled as a result of playing or wagering.

5 **Sec. 2.** Section 77-3001, Revised Statutes Cumulative Supplement,  
6 2024, is amended to read:

7 77-3001 For purposes of the Mechanical Amusement Device Tax Act,  
8 unless the context otherwise requires:

9 (1) Cash device means any mechanical amusement device capable of  
10 awarding (a) cash, (b) anything redeemable for cash, (c) gift cards,  
11 credit, or other instruments which have a value denominated by reference  
12 to an amount of currency, or (d) anything redeemable for anything  
13 described in subdivision (c) of this subdivision;

14 (2) Department means the Department of Revenue;

15 (3) Distributor means any person who places and who either directly  
16 or indirectly controls or manages a mechanical amusement device within a  
17 retail establishment within the State of Nebraska;

18 (4) Manufacturer means an individual, partnership, corporation, or  
19 limited liability company that manufactures, builds, rebuilds,  
20 fabricates, assembles, produces, programs, designs, or otherwise makes  
21 modifications to cash devices or associated equipment for use or play of  
22 cash devices;

23 (5)(a) Mechanical amusement device means any machine which, upon  
24 insertion of a coin, currency, credit card, or substitute into the  
25 machine, operates or may be operated or used for a game, contest, or  
26 amusement of any description, such as, by way of example, but not by way  
27 of limitation, pinball games, shuffleboard, bowling games, radio-ray  
28 rifle games, baseball, football, racing, boxing games, electronic video  
29 games of skill, and coin-operated pool tables. Mechanical amusement  
30 device also includes game and draw lotteries and coin-operated automatic  
31 musical devices.

1 (b) Mechanical amusement device does not mean vending machines which  
2 dispense tangible personal property, devices located in private homes for  
3 private use, pickle card dispensing devices which are required to be  
4 registered with the department pursuant to section 9-345.03, gaming  
5 devices or limited gaming devices as defined in and operated pursuant to  
6 the Nebraska Racetrack Gaming Act, or devices which are mechanically  
7 constructed in a manner that would render their operation illegal under  
8 the laws of the State of Nebraska;

9 (6) Net operating revenue means the dollar amount collected by a  
10 distributor or operator of any cash device computed pursuant to  
11 applicable statutes, rules, and regulations less the total of cash awards  
12 paid out to players by the cash device as described in subdivision (1) of  
13 this section;

14 (7) Operator means any person who operates a place of business in  
15 which a mechanical amusement device ~~owned by him or her~~ is physically  
16 located and available for play;

17 (8) Person means an individual, partnership, limited liability  
18 company, society, association, joint-stock company, corporation, estate,  
19 receiver, lessee, trustee, assignee, referee, or other person acting in a  
20 fiduciary or representative capacity, whether appointed by a court or  
21 otherwise, and any combination of individuals; and

22 (9) Whenever in the Mechanical Amusement Device Tax Act the words  
23 electronic video games of skill, games of skill, or skill-based devices  
24 are used, they refer to mechanical amusement devices which produce an  
25 outcome predominantly caused by skill and not chance.

26 **Sec. 3.** Section 77-3002, Revised Statutes Cumulative Supplement,  
27 2024, is amended to read:

28 77-3002 (1) Any operator shall be required to procure a biennial ~~an~~  
29 ~~annual~~ license from the Tax Commissioner permitting him or her to operate  
30 mechanical amusement devices within the State of Nebraska. The Tax  
31 Commissioner, upon the application of any person, may issue a license,

1 except that if the applicant (a) is not of good character and reputation  
2 in the community in which he or she resides, (b) has been convicted of or  
3 has pleaded guilty to a felony under the laws of the State of Nebraska,  
4 of any other state, or of the United States, or (c) has been convicted of  
5 or has pleaded guilty to being the proprietor of a gambling house, or of  
6 any other crime or misdemeanor opposed to decency and morality, no  
7 license shall be issued. If the applicant is a corporation whose majority  
8 stockholders could not obtain a license, then such corporation shall not  
9 be issued a license. If the applicant is an individual, the application  
10 shall include the applicant's social security number. Procuring a license  
11 shall constitute sufficient contact with this state for the exercise of  
12 personal jurisdiction over such person in any action arising out of the  
13 operation of mechanical amusement devices in this state.

14 (2)(a) Except for an applicant that holds a liquor license under the  
15 Nebraska Liquor Control Act, an applicant for or person holding a license  
16 as an operator of a cash device shall be subject to a ~~one-time~~ background  
17 check by the department including fingerprinting and a check of his or  
18 her criminal history record information maintained by the Identification  
19 Division of the Federal Bureau of Investigation through the Nebraska  
20 State Patrol for the purpose of determining whether the Department of  
21 Revenue has a basis to deny the license application or to suspend,  
22 cancel, revoke, or terminate the person's license. Each applicant for or  
23 person holding a license pursuant to this section shall also submit a  
24 personal history report to the department on a form provided by the  
25 department and may be subject to a background investigation, an  
26 inspection of the applicant's or licensee's facilities, or both prior to  
27 ~~the issuance of a license~~. An applicant shall pay the costs associated  
28 with the background check along with any required fees as determined by  
29 the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 **Sec. 4.** Section 77-3003, Revised Statutes Cumulative Supplement,  
26 2024, is amended to read:

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



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

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

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

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

30 (ii) Knowingly caused, aided, abetted, or conspired with another to  
31 cause any person to violate any of the provisions of the act or any rules

1 or regulations adopted and promulgated pursuant to the act;

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

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

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

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

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

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

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

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

30 (3) Beginning January 1, 2025, the biennial ~~annual~~ license for a  
31 distributor of a cash device shall be accompanied by a fee of one hundred

1 dollars per cash device up to a maximum of five thousand dollars.

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

5 (5) Beginning on the implementation date designated by the Tax  
6 Commissioner pursuant to subsection (2) of section 9-1312, prior to the  
7 winnings payment of any cash device winnings as defined in section  
8 9-1303, a distributor of a cash device shall check the collection system  
9 to determine if the winner has a debt or an outstanding state tax  
10 liability as required by the Gambling Winnings Setoff for Outstanding  
11 Debt Act. If such distributor determines that the winner is subject to  
12 the collection system, the distributor shall deduct the amount of debt  
13 and outstanding state tax liability identified in the collection system  
14 from the winnings payment and shall remit the net winnings payment of  
15 cash device winnings, if any, to the winner and the amount deducted to  
16 the Department of Revenue to be credited against such debt or outstanding  
17 state tax liability as provided in section 9-1306.

18 **Sec. 5.** Section 77-3003.03, Revised Statutes Cumulative Supplement,  
19 2024, is amended to read:

20 77-3003.03 (1) A manufacturer of a cash device shall be required to  
21 procure a biennial ~~an annual~~ license from the Tax Commissioner permitting  
22 such manufacturer to place any cash devices in the State of Nebraska for  
23 sale, lease, or distribution through a third party. The Tax Commissioner,  
24 upon the application of any person, may issue a license subject to the  
25 same limitations as an operator's license under section 77-3002. If the  
26 applicant is an individual, the application shall include the applicant's  
27 social security number. The license fee for a manufacturer of a cash  
28 device shall be five thousand dollars.

29 (2)(a) Each applicant for or person holding a license as a  
30 manufacturer of a cash device shall be subject to a ~~one-time~~ background  
31 check by the department including fingerprinting and a check of his or

1 her criminal history record information maintained by the Identification  
2 Division of the Federal Bureau of Investigation through the Nebraska  
3 State Patrol for the purpose of determining whether the Department of  
4 Revenue has a basis to deny the license application or to suspend,  
5 cancel, revoke, or terminate the person's license. Each applicant for or  
6 person holding a license pursuant to this section shall also submit a  
7 personal history report to the department on a form provided by the  
8 department and may be subject to a background investigation, an  
9 inspection of the applicant's or licensee's facilities, or both prior to  
10 ~~the issuance of a license.~~ An applicant shall pay the costs associated  
11 with the background check and any required fees as determined by the  
12 department.

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

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

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

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

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

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

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

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

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

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

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

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

25 **Sec. 6.** Original sections 9-1303, 77-3001, 77-3002, 77-3003, and  
26 77-3003.03, Revised Statutes Cumulative Supplement, 2024, are repealed.