

ONE HUNDRED NINTH LEGISLATURE - SECOND SESSION - 2026
COMMITTEE STATEMENT
LB1174

Hearing Date: Monday February 09, 2026
Committee On: Banking, Commerce and Insurance
Introducer: Kauth
One Liner: Change provisions related to reports of condition under the Nebraska Money Transmitters Act and provide for a remittance transfer tax

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

Vote Results:

Aye:	6	Senators Jacobson, Bostar, Hallstrom, Hardin, von Gillern, Wordekemper
Nay:	1	Senator Riepe
Absent:	1	Senator Dungan
Present Not Voting:		

Testimony:

Proponents:

Senator Kathleen Kauth
James Kamm
Susan Gumm
Kelly Lammers
Jim Nipper

Representing:

Opening Presenter
Department of Revenue
Self
Nebraska Department of Banking and Finance
Self

Opponents:

Mary Pither
Seth Mitchell
Kathy Tomasofsky
Hudy Rosenberg
Tim Daly
Rebecca Meyer
Cesar Garcia

Representing:

Self
Nebraska Pork Producers Association
Money Service Business Association
American Fintech Council
Western Union
Self
Nebraska Appleseed

Neutral:

Sarah Mamula

Representing:

Financial Technology Association

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 1174 amends the Nebraska Money Transmitters Act to establish a new excise tax on international money transfers while increasing the frequency and detail of financial reporting for licensees. The bill imposes a standard 2%



tax on most international remittances and a higher 20% tax on transfers destined for foreign adversary countries. Active duty military members and their dependents are exempt from these taxes provided they present valid military identification at the time of the transaction. To ensure compliance and tax collection, the bill requires money transmitters to report specific transaction data and tax totals on a quarterly basis rather than an annual basis. The Nebraska Department of Revenue (Department) is charged with administering the tax and providing an expedited refund process for military members, with all resulting revenue credited to the state General Fund.

The bill includes an emergency clause.

Section-by-Section Summary:

Section 1: Amends Neb. Rev. Stat. § 8-2701 of the Nebraska Money Transmitters Act to expand said Act to include the new provisions established in section 3 of the bill.

Section 2: Amends Neb. Rev. Stat. § 8-2718 of the Nebraska Money Transmitters Act to increase the amount of information licensees must report to the state. Each licensee is now required to provide specific data regarding the destination of money transfers on a quarterly basis. This includes the total amount of transactions sent to foreign countries that are not considered adversary nations. Additionally, licensees must report the amount of money sent to foreign adversary countries as defined in section 3 of the bill. The report must also include an estimate of the total remittance transfer tax collected for both categories of transactions.

Section 3: Creates a new statute within the Nebraska Money Transmitters Act. It establishes the definitions and rates for the remittance transfer tax and defines a foreign adversary country by referencing federal regulations and provides specific definitions for active duty military members and their dependents. It imposes a standard excise tax of 2% on remittance transfers made by a licensee or an authorized delegate to a non-foreign adversary country. An excise tax of 20% is imposed on any remittance transfer sent to a resident of a foreign adversary country. Active duty members of the armed forces and their dependents are exempt from this tax, but to receive this military exemption the sender or recipient must present a valid military identification card at the time of the transaction.

The responsibility for paying the remittance tax falls on the sender of the money. However, the remittance transfer provider is required to collect the tax and remit it to the Department on a quarterly basis. If the provider fails to collect the tax at the time of the transfer, the provider becomes liable for the payment. The Department is authorized to create an expedited refund process specifically for military members who were charged the tax in error. The Department is granted rulemaking authority to facilitate said expedited refund process. Importantly, no refund is allowed if a claim for such refund is not filed within the required period for a refund of sales tax.

Upon request from the Nebraska Department of Revenue, the Nebraska Department of Banking and Finance may make a claim against the surety bond of a money transmitter licensee for payment of the remittance tax. The section also authorizes these two departments to share with one another information related to remittance taxes.

Finally, all tax revenue collected under section 3 is credited to the state General Fund.

Section 4: Establishes an operative date of July 1, 2026.

Section 5: Repealer

Section 6: Emergency Clause

Explanation of amendments:



The committee adopted AM 2553. The original contents of LB 1174 remain the same, but for the changes made by AM 2553 (see below).

First, AM 2553 removes the remittance tax on non-foreign adversary transfers entirely, but increases the remittance tax on foreign adversary transfers to 25%.

Second, the additional reporting requirements added by section 2 of the original bill are removed.

Third, a new section is added to the Nebraska Money Transmitters Act stating that the Department of Banking and Finance shall, as requested, provided to the Department of Revenue the data of money transmitters as necessary to meet the responsibilities of the Department of Revenue under the Nebraska Money Transmitters Act, to the extent the Department of Banking and Finance collects such information. The new section further states that the Department of Revenue may, as requested by the director, share information with the Department of Banking and Finance as necessary to enforce the Nebraska Money Transmitters Act.

Fourth, AM 2553 adds language to further clarify which types of transfers are not subject to the new remittance tax. Specifically, the tax does not apply when the funds transferred are withdrawn from certain financial institutions and when the funds transferred are done so via a debit card or credit card issued in the United States.

Fifth, and finally, AM 2553 adds clarifying language to make it clear that the Department's rulemaking authority not only applies to creating rules and regulations to facilitate the refund process, but to also facilitate the payment, collection, and reporting of the remittance tax generally.

Mike Jacobson, Chairperson

