

ONE HUNDRED NINTH LEGISLATURE - SECOND SESSION - 2026
COMMITTEE STATEMENT
LB901

Hearing Date: Wednesday February 25, 2026
Committee On: Revenue
Introducer: Revenue
One Liner: Change the sales and use tax rate and provisions relating to fund distributions

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

Vote Results:

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

Testimony:

Proponents: Senator R. Brad von Gillern	Representing: Opening Presenter
Opponents:	Representing:
Neutral:	Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 901 amends Neb. Rev. Stat. §§ 77-2701.02 and 77-27,132 to replace a 5.5% sales tax rate with an xx% sales tax rate and change a credit to the Highway Trust Fund to xx%. This bill was intended to be used later in the session for potential tax legislation.

Explanation of amendments:

The Committee considered and adopted AM 2406, which strikes LB 901, and adds LB 890 as amended, LB 1109 as amended, LB 1110, and LB 1131 as amended.

LB 890 (Sections 8, 23 through 29, and 33 of AM 2406.)

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.



Testifiers on LB890:

Proponents:

Nolan Lemna, for Senator Stan Clouse , Opening Presenter
Brian Rockey, Department of Revenue, Lottery and Charitable Gaming Division

Opponents:

Jarvis Nettles, Self

Neutral: None

Committee vote to attach LB890:

Yes: 8 von Gillern, Bostar, Dungan, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 1109 (Sections 13, 16, 17, 22, 31, 32, and 38 of AM 2406.)

LB 1109 removes several sales and use tax exemptions covering data center, biochips, cemeteries, game birds, community-based energy development (C-BED) projects, and mineral oil used as a dust suppressant. It also sunsets tax credits for renewable energy and makes such credits non-refundable. The operative date is the beginning of FY26-27 and the bill has an emergency clause.

Testifiers on LB1109:

Proponents:

Senator R. Brad von Gillern , Opening Presenter
Neil Sullivan, Department of Administrative Services, State Budget & Governor

Opponents:

Adam Feser, Nebraska Cooperative Council
Greg Osborn, Wyuka Cemetery and Funeral Home, Wyuka Board of Trustees
Joshua Vossler, Wyuka Cemetery and Funeral Home

Neutral: None

Committee vote to attach LB1109:

Yes: 8 von Gillern, Bostar, Dungan, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 1110 (Sections 5 through 7, 10 through 12, 14, 15, 21, and 30 of AM 2406.)

LB 1110 amends the Nebraska Revised Statutes to expand the allowable functions of the Department of Revenue Enforcement Fund to any functions and activities of the Tax Commissioner; redirects certain funds into the Department of Revenue Enforcement Fund; and provides for the provision of certain information between the Department of Health and Human Services and the Department of Revenue.

Testifiers on LB1110:



Proponents:

Senator R. Brad von Gillern , Opening Presenter
James Kamm, Department of Revenue

Opponents: None

Neutral: None

Committee vote to attach LB1110:

Yes: 8 von Gillern, Bostar, Dungan, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 1131 (Sections 1 through 4, 9, 18 through 20, of AM 2406.)

LB 1131 creates the Domestic Violence and Human Trafficking Service Providers Tax Credit Act, a new income tax credit program for the programs and providers assisting victims of domestic violence and human trafficking. It requires the Department of Revenue to issue \$6 million dollars in refundable, transferable income tax credits annually to qualifying tribal programs and nonprofit organizations. LB 1131 also strikes the personal property and sales and use tax exemptions for data centers.

Testifiers on LB1131:

Proponents:

Senator Eliot Bostar , Opening Presenter
Christon MacTaggart, Nebraska Coalition to End Sexual and Domestic Violence
Michon Morrow, Lincoln Police Department, City of Lincoln
Katie Patrick, Catholic Social Services
Tom Venzor, Nebraska Catholic Conference
Nikki Gausman, The S.A.F.E. Center
Leah Droge, Friendship Home
Sara Hoyle, Lancaster County

Opponents: None

Neutral: None

Committee vote to attach LB1131:

Yes: 8 von Gillern, Bostar, Dungan, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 0;

Absent: 0;

Present Not Voting: 0;

Section by Section Summary of AM 2406:

Section 1. Creates a citation statute for the Domestic Violence and Human Trafficking Service Providers Tax Credit Act. (Originally Section 1 of LB 1131.)

Section 2. Creates a new statute that that sets up a refundable income tax credit structure beginning on January 1, 2027, that includes the following:



- (a) \$240,000 to tribal domestic violence and sexual assault programs,
- (b) \$150,000 to a statewide coalition representing nonprofits holding affiliation agreements with the Department of Health and Human Services to provide services under the Protection from Domestic Abuse Act,
- (c) \$2,088,000 to be equally distributed to entities described in subdivisions (a) and (b),
- (d) \$2,505,600 to be distributed based on population of program or agency service area, and
- (e) \$626,400 to be distributed based on the square miles of the program or agency service area.

Also requires the Department of Revenue to distribute all credits every taxable year and contains definitional language for the section. (Originally Section 2 of LB 1131, amended by AM 2071 to LB 1131 to change the distribution amounts.)

Section 3. Creates a new statute that allows a credit recipient to sell tax credits to another taxpayer. (Originally Section 3 of LB 1131.)

Section 4. Creates a new statute that gives authority to the Department of Revenue to craft rules to enforce the Domestic Violence and Human Trafficking Service Providers Act. (Originally Section 4 of LB 1131.)

Section 5. Creates a new statute allowing the Department of Health and Human Services and the Department of Revenue to transmit confidential information between each agency for the purposes of administering laws under the jurisdiction of those agencies; and provides that such transmission can be done notwithstanding any other laws to the contrary. (Originally Section 1 of LB 1110; amended to provide a start date for the provisions and add clarifying language regarding confidentiality)

Section 6. Creates a new statute allowing for the imposition of a collection fee of twenty-five dollars (\$25.00) or ten percent (10%) of the tax liability amount and the actual costs of collection in addition to delinquent taxes; adds a fee of twenty-five dollars (\$25.00) or ten percent (10%) of all assessments and notices of deficiency; adds a twenty-five dollar (\$25.00) fee to waivers of interest or penalty; adds a twenty-five (\$25.00) fee to a request for a certificate of no tax; adds a forty dollar (\$40.00) fee for requesting a redetermination of demand for payment or notice of deficiency and the capability to request a waiver due to indigency; provides that fees and costs collected are remitted to the State Treasurer for credit to the Department of Revenue Enforcement Fund; and establishes a yearly escalator for such fees and costs to be tied to the Consumer Price Index. (Originally Section 2 of LB 1110.)

Section 7. Amends Neb. Rev. Stat. § 9-1,101 to eliminate a provision providing that lottery, raffle, pickle card, and bingo taxes transferred to the Charitable Gaming Division be used by the division for enforcement of the Mechanical Amusement Device Tax Act. (Originally Section 3 of LB 1110.)

Section 8. Amends Neb. Rev. Stat. § 71-812 to add a subsection requiring that moneys transferred to the Behavioral Health Services Fund from Neb. Rev. Stat. § 77-3012 to be allocated to the behavioral health region with the lowest per-capita spending. If that shifts that region's status, that region gets as much as it would take to take them out of the lowest status, and then to the regions with the lowest and second lowest status equally. (A new amendment section created by AM 2325 to LB 890, to harmonize provisions with a new allocation created in Section 29 of this amendment.)

Section 9. Amends Neb. Rev. Stat. § 77-202 to strike the personal property tax exemption for data center personal property acquired in Nebraska for the purpose of subsequent use outside of Nebraska. (Originally Section 5 of LB 1131.)

Section 10. Amends Neb. Rev. Stat. § 77-367 to eliminate a provision requiring monies transferred to the Department of Revenue Enforcement Fund be used for identifying nonfilers, underreporters, nonpayers, and improper or



fraudulent payments. (Originally Section 4 of LB 1110.)

Section 11. Amends Neb. Rev. Stat. § 77-377.01 to remove a requirement that funds spent by the Tax Commissioner on litigation be only done at the collection agency's expense. (Originally Section 5 of LB 1110.)

Section 12. Amends Neb. Rev. Stat. § 77-377.02 to add an additional provision that if, when a delinquent tax claim is given to a collection agency for collection, a portion of the fees and costs, up to fifty percent (50%) of the claim balance, shall be added to the amount that's owed. Such fees are to be remitted in the same manner as the taxes collected. (Originally Section 6 of LB 1110.)

Section 13. Amends Neb. Rev. Stat. § 77-382 to strike "mineral oil as dust suppressant" as a tax expenditure report listing under the Tax Expenditure Reporting Act. (Originally Section 1 of LB 1109.)

Section 14. Amends Neb. Rev. Stat. § 77-3,109 to add a provision requiring all funds raised in charging for publications of the Department of Revenue be remitted to the State Treasurer for credit to the Department of Revenue Enforcement Fund. (Originally Section 7 of LB 1110.)

Section 15. Amends Neb. Rev. Stat. § 77-3,118 to add a provision requiring all funds raised in charging for nonconfidential listings by the Department of Revenue be remitted to the State Treasurer for credit to the Department of Revenue Enforcement Fund. (Originally Section 8 of LB 1110.)

Section 16. Amends Neb. Rev. Stat. § 77-2704.12 to strike any nonprofit organization's purchase of property for transfer to another nonprofit organization listed in the section, making such purchases subject to sales and use taxes. (Originally Section 2 of LB 1109.)

Section 17. Amends Neb. Rev. Stat. § 77-2704.46 to strike game birds subject to Game and Parks Commission regulations from sales and use tax exemption. (Originally Section 4 of LB 1109.)

Section 18. Amends Neb. Rev. Stat. § 77-2715.07 to harmonize income tax credit provisions by adding the Domestic Violence and Human Trafficking Service Providers Tax Credit Act to the section. (Originally Section 6 of LB 1131.)

Section 19. Amends Neb. Rev. Stat. § 77-2717 to harmonize estate and trust income tax provisions by adding the Domestic Violence and Human Trafficking Service Providers Tax Credit Act to the section. (Originally Section 7 of LB 1131.)

Section 20. Amends Neb. Rev. Stat. § 77-2734.03 to harmonize corporate taxpayer refundable income tax credit provisions by adding the Domestic Violence and Human Trafficking Service Providers Tax Credit Act to the section. (Originally Section 8 of LB 1131.)

Section 21. Amends Neb. Rev. Stat. § 77-27,107 to add a provision to allow the Tax Commissioner to register a claim for delinquent taxes in the Lancaster County District Court in the same manner as a foreign judgment. (Originally Section 9 of LB 1110.)

Section 22. Amends Neb. Rev. Stat. § 77-27,235 to sunset renewable energy tax credits effective July 1, 2026. (Originally Section 5 of LB 1109.)

Section 23. Amends Neb. Rev. Stat. § 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. (Originally Section 1 of LB 890.)



Section 24. Amends Neb. Rev. Stat. § 77-3003.01 to allow a manufacturer or distributor under the Mechanical Amusement Device Tax Act to provide proof of compliance in addition to removing the cash device; add language prohibiting certain marketing activities including: cartoon-like characters appealing to minors, imitating trademarks whose typical audience is minors; prohibitions on exterior advertising except not more than three (3) signs affixed to the building, not exceeding 11" x 17"; increase the application fee to \$600 from January 1, 2027, to December 31, 2027; then, 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, and beginning on January 1, 2028, the annual device decal fee will be adjusted to reflect inflation. (Originally Section 2 from LB 890 and Section 1 from LB 920, combined by AM 2325 to LB 890.)

Section 25. Amends Neb. Rev. Stat. § 77-3003.02 to add a new subsection providing that, as of 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; and also strikes language to broaden the Department's authority to promulgate rules and regulations to harmonize with changes made in section 24 of this amendment. (Originally Section 2 of LB 920, amended into LB 890 by AM 2325.)

Section 26. Amends Neb. Rev. Stat. § 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 27. Amends Neb. Rev. Stat. § 77-3004 to increase the occupation tax on mechanical amusement devices that are not cash devices to \$70 for calendar year 2027; then, starting January 1, 2028, the occupation tax will be adjusted for inflation; splits the allocation of such taxes, with 20% going to the Department of Revenue Enforcement Fund and 80% to the General Fund. (Originally Section 3 of LB 890.)

Section 28. Amends Neb. Rev. Stat. § 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; and also allows the Department to conduct inspections and audits of retail establishments operating a cash device without notice. (Originally Section 3 of LB 920, amended into LB 890 by AM 2325.)

Section 29. Amends Neb. Rev. Stat. § 77-3012 by changing the tax levy and distribution of said levy in the following manner:

- (a) Increases the total levy from 5% to 10% of net operating revenue per cash device;
- (b) Eliminates the distribution to the Charitable Gaming Operations Fund, and redirects that distribution at 9.75% to the Department of Revenue Enforcement Fund;
- (c) Decreases the distribution to the Compulsive Gamblers Assistance Fund from 2.5% to 2.25%;
- (d) Increases the distribution to the General Fund from 2.5% to 71.75%;
- (e) Eliminates the distribution to the Nebraska Tourism Commission Promotional Cash Fund;
- (f) Eliminates the distribution to the Property Tax Credit Cash Fund;
- (g) Distributes 3.75% to the Behavioral Health Services Fund; and
- (h) 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. (Originally Section 5 of LB 920, amended into LB 890 by AM 2325, and changing the allocation percentages and accounts.)

Section 30. Amends Neb. Rev. Stat. § 77-5601 to eliminate a provision that ten percent (10%) of certain contract proceeds be directed to the Department of Revenue Enforcement Fund; adds a provision to allow monies in such fund to be used for administration and enforcement of activities and functions of the Tax Commissioner; and



harmonizes other provisions with these changes. (Originally Section 12 of LB 1110.)

Section 31. Amends Neb. Rev. Stat. § 77-5804 to strike language allowing tax credits under section 77-5803 to be a refundable credit on the taxpayer's income tax return. (Originally Section 6 of LB 1109.)

Section 32. Amends Neb. Rev. Stat. § 77-6818 to strike "waste treatment and disposal" from the list of qualified locations under the ImagiNE Nebraska Act. (Originally Section 7 of LB 1109.)

Section 33. Amends Neb. Rev. Stat. § 81-3729 to strike a provision regarding revenue from cash device taxes pursuant to Neb. Rev. Stat. § 77-3012 allocated to the Nebraska Tourism Commission Promotional Cash Fund, to harmonize with changes made in Section 29 of AM 2406. (New section created in AM 2406 to reflect the changes made to the distribution of funds in Section 29 of this amendment.)

Section 34. Operative dates.

Section 35. Repealer.

Section 36. Repealer.

Section 37. Repealer.

Section 38. Outright repealer of Neb. Rev. Stats. §§ 77-2701.54, definition of data center; 77-2704.57, sales and use tax exemption for personal property used in C-BED project; 77-2704.60, sales and use tax exemption for mineral oil applied to grain as dust suppressant; 77-2704.61, sales and use tax exemption for biochips; 77-2704.62, sales and use tax exemption for data centers.

Section 39. Emergency Clause.

R. Brad von Gillern, Chairperson

