

## ENGROSSED LEGISLATIVE BILL 1235

Introduced by General Affairs Committee: Holdcroft, 36, Chairperson; Andersen, 49; Clouse, 37; DeKay, 40; Storm, 23.

A BILL FOR AN ACT relating to public health and welfare; to amend sections 53-103.47 and 53-1,100, Reissue Revised Statutes of Nebraska, section 53-132, Revised Statutes Cumulative Supplement, 2024, and sections 53-123.17, 71-24,106, and 71-24,109, Revised Statutes Supplement, 2025; to change provisions of the Nebraska Liquor Control Act relating to bottle clubs, licensure determinations, and penalties for conducting certain activities without a license; to redefine a term; to provide for a consumption-only class of entertainment district license; to change the Nebraska Medical Cannabis Regulation Act to provide salaries for members of the Nebraska Medical Cannabis Commission, create a fund, provide for rules and regulations relating to fees, and provide for criminal history record information checks; to harmonize provisions; to provide operative dates; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

**Section 1.** Section 53-103.47, Reissue Revised Statutes of Nebraska, is amended to read:

53-103.47 Bottle club means an operation, whether formally organized as a club having a regular membership list, dues, officers, and meetings or not, keeping and maintaining premises where persons who have made their own purchases of alcoholic liquor congregate to consume alcoholic liquor in or upon the premises upon the payment of a fee or other consideration.

**Sec. 2.** Section 53-123.17, Revised Statutes Supplement, 2025, is amended to read:

53-123.17 (1)(a) A local governing body may designate an entertainment district in which a commons area may be used by retail, craft brewery, and microdistillery licensees and holders of a manufacturer's license which obtain an entertainment district license. The local governing body may, at any time,

revoke such designation if it finds that the commons area threatens the health, safety, or welfare of the public or has become a common nuisance.

(b) As part of such designation, a local governing body may designate consumption-only areas of such district. A business within the boundaries of such area may obtain a consumption-only class of entertainment district license pursuant to subsection (6) of this section.

(c) The local governing body shall file any such designation or revocation with the commission.

(2) Subject to subsection (6) of this section, an entertainment district license allows the sale of alcoholic liquor for consumption on the premises within the confines of a commons area or within the premises of a consumption-only license holder. The consumption of alcoholic liquor in the commons area or consumption-only area shall only occur during the hours authorized for sale of alcoholic liquor for consumption on the premises under section 53-179 and while food service is available in the commons area or is available for sale by at least one holder of an entertainment district license. Only the holder of an entertainment district license or employees of such licensee may sell or dispense alcoholic liquor in the commons area.

(3) An entertainment district licensee shall serve alcoholic liquor to be consumed in the commons area or consumption-only area in containers that prominently display the licensee's trade name or logo or some other mark that is unique to the licensee under the licensee's retail license, craft brewery license, microdistillery license, or manufacturer's license. An entertainment district licensee may allow alcohol sold by another entertainment district licensee to enter the licensed premises of either licensee. No entertainment district licensee shall allow alcoholic liquor to leave the commons area or the premises licensed under its retail license, craft brewery license, microdistillery license, or manufacturer's license.

(4) If the licensed premises of the holder of a license to sell alcoholic liquor at retail issued under subsection (6) of section 53-124, a craft brewery license, a microdistillery license, or a manufacturer's license is adjacent to

a commons area in an entertainment district designated by a local governing body pursuant to this section, the holder of the license may obtain an annual entertainment district license as prescribed in this section. The entertainment district license shall be issued for the same period and may be renewed in the same manner as the retail license, craft brewery license, microdistillery license, or manufacturer's license.

(5) In order to obtain an entertainment district license, a person eligible under subsection (4) of this section shall:

(a) File an application with the commission upon such forms as the commission prescribes; and

(b) Pay an additional license fee of three hundred dollars for the privilege of serving alcohol in the entertainment district payable to the clerk of the local governing body in the same manner as license fees under subdivision (4) of section 53-134.

(6)(a) A business that is located within the boundaries of an entertainment district but that does not hold a retail, craft brewery, microdistillery, or manufacturer's license under the Nebraska Liquor Control Act may apply to the commission for a consumption-only class of entertainment district license on forms prescribed by the commission. Such application shall include a license fee of twenty-five dollars payable to the commission. The commission shall remit the fee to the State Treasurer for credit to the Nebraska Liquor Control Commission Rule and Regulation Cash Fund. The commission shall grant such licenses so long as the local governing body has (i) designated consumption-only areas for such entertainment district and (ii) approved the applicant's consumption-only class of entertainment district license prior to submission of the same to the commission.

(b) Such class of consumption-only entertainment district license shall authorize the holder to allow alcoholic beverages sold within the boundaries of an entertainment district by other entertainment district licensees to be carried in and out of such holder's business premises by patrons, so long as such business (i) does not sell or serve such alcoholic liquor and (ii)

otherwise complies with the Nebraska Liquor Control Act, especially those provisions forbidding consumption of alcoholic liquor by minors.

(7) When an application for an entertainment district license is filed, the commission shall notify the clerk of the local governing body. The commission shall include with such notice one copy of the application by mail or electronic delivery. The local governing body and the commission shall process the application in the same manner as provided in section 53-132.

(8) The local governing body may impose an occupation tax on the business of an entertainment district licensee doing business within the liquor license jurisdiction of the local governing body as provided in subdivision (12)(b) of this section in accordance with section 53-132.

(9) The local governing body with respect to entertainment district licensees within its liquor license jurisdiction as provided in subdivision (12)(b) of this section may cancel an entertainment district license for cause for the remainder of the period for which such entertainment district license is issued. Any person whose entertainment district license is canceled may appeal to the commission in accordance with section 53-134.

(10) A local governing body may regulate by ordinance, not inconsistent with the Nebraska Liquor Control Act, any area it designates as an entertainment district.

(11) Violation of any provision of this section or any rules or regulations adopted and promulgated pursuant to this section by an entertainment district licensee may be cause to revoke, cancel, or suspend the retail license issued under subsection (6) of section 53-124, craft brewery license, microdistillery license, or manufacturer's license held by such licensee.

(12) For purposes of this section:

(a)(i) Commons area means an area:

(A) Within an entertainment district designated by a local governing body;

(B) Shared by authorized licensees with entertainment district licenses, including consumption-only entertainment district licensees;

(C) Abutting the licensed premises of such licensees;

(D) With reasonable safety measures in place to protect pedestrians, including signage, lighting, and reduced motor vehicle speeds when motor vehicles will be in close proximity to pedestrians; and

(E) With a prohibition on the carrying of open alcoholic liquor containers and the consumption of alcoholic liquor on any open street or highway except when necessary to cross the same at a designated crosswalk.

(ii) Commons area may include any area of a public or private right-of-way if the area otherwise meets the requirements of this section; and

(b) Local governing body means the governing body of the city or village in which the entertainment district licensee is located.

**Sec. 3.** Section 53-132, Revised Statutes Cumulative Supplement, 2024, is amended to read:

53-132 (1) If no hearing is required pursuant to subdivision (1)(a) or (b) of section 53-133 and the commission has no objections pursuant to subdivision (1)(c) of such section, the commission may waive the forty-five-day objection period and, if not otherwise prohibited by law, cause a retail license, bottle club license, craft brewery license, or microdistillery license to be signed by its chairperson, attested by its executive director over the seal of the commission, and issued in the manner provided in subsection (4) of this section as a matter of course.

(2) A retail license, bottle club license, craft brewery license, or microdistillery license may be issued to any qualified applicant if the commission finds that (a) the applicant is fit, willing, and able to properly provide the service proposed within the city, village, or county where the premises described in the application are located, (b) the applicant can conform to all provisions and requirements of and rules and regulations adopted pursuant to the Nebraska Liquor Control Act, (c) the applicant has demonstrated that the type of management and control to be exercised over the premises described in the application will be sufficient to insure that the licensed business can conform to all provisions and requirements of and rules and

regulations adopted pursuant to the act, and (d) the issuance of the license is or will be required by the present or future public convenience and necessity.

(3) In making its determination pursuant to subsection (2) of this section the commission shall consider:

(a) The recommendation of the local governing body;

(b) The existence of a citizens' protest made in accordance with section 53-133;

(c) The existing population of the city, village, or county and its projected growth;

(d) The nature of the neighborhood or community of the location of the proposed licensed premises;

(e) The existence or absence of other retail licenses, bottle club licenses, craft brewery licenses, or microdistillery licenses with similar privileges within the neighborhood or community of the location of the proposed licensed premises and whether, as evidenced by substantive, corroborative documentation, the issuance of such license would result in or add to an undue concentration of licenses with similar privileges and, as a result, require the use of additional law enforcement resources;

(f) The existing motor vehicle and pedestrian traffic flow in the vicinity of the proposed licensed premises;

(g) The adequacy of existing law enforcement;

(h) Zoning restrictions;

(i) The sanitation or sanitary conditions on or about the proposed licensed premises;

(j) Whether the type of business or activity proposed to be operated in conjunction with the proposed license is and will be consistent with the public interest; and

(k) Whether the applicant or any affiliated entity of the applicant is delinquent on any federal, state, or local taxes. For purposes of this subdivision, affiliated entity means any other corporation, partnership, or limited liability company (i) in which the applicant holds an ownership

interest and (ii) that holds a liquor license under the Nebraska Liquor Control Act.

(4) Retail licenses, bottle club licenses, craft brewery licenses, or microdistillery licenses issued or renewed by the commission shall be mailed or delivered electronically to:

(a) The clerk of the city, village, or county who shall deliver the same to the licensee upon receipt from the licensee of proof of payment of (i) the license fee if by the terms of subsection (6) of section 53-124 the fee is payable to the treasurer of such city, village, or county, (ii) any fee for publication of notice of hearing before the local governing body upon the application for the license, (iii) the fee for publication of notice of renewal as provided in section 53-135.01, and (iv) occupation taxes, if any, imposed by such city, village, or county except as otherwise provided in subsection (7) of this section; or

(b) The licensee, upon confirmation from the clerk of the city, village, or county that the necessary fees and taxes described in subdivision (4)(a) of this section have been received by the clerk of such city, village, or county.

(5) Notwithstanding any ordinance or charter power to the contrary, no city, village, or county shall impose an occupation tax on the business of any person, firm, or corporation licensed under the act and doing business within the corporate limits of such city or village or within the boundaries of such county in any sum which exceeds two times the amount of the license fee required to be paid under the act to obtain such license.

(6) Each license shall designate the name of the licensee, the place of business licensed, and the type of license issued.

(7) Class J retail licensees shall not be subject to occupation taxes under subsection (4) of this section.

**Sec. 4.** Section 53-1,100, Reissue Revised Statutes of Nebraska, is amended to read:

53-1,100 (1) Any person (a) who imports alcoholic liquor for distribution as a wholesaler or distributes or sells alcoholic liquor, other than sale at

retail, at any place within the state without having first obtained a valid license to do so under the Nebraska Liquor Control Act, (b) who manufactures alcoholic liquor other than spirits within the state without having first obtained a valid license to do so under the act, (c) who makes any false statement or otherwise violates any of the provisions of the act in obtaining any license under the act, (d) who, having obtained a license under the act, violates any of the provisions of the act with respect to the manufacture, possession, distribution, or sale of alcoholic liquor or with respect to the maintenance of the licensed premises, or (e) who violates any other provision of the act for which a penalty is not otherwise provided, shall for a first offense be guilty of a Class IV misdemeanor and for a second or subsequent offense shall be guilty of a Class II misdemeanor.

(2) Any person who (a) manufactures spirits at any place within the state without having first obtained a valid license to do so under the act or (b) sells alcoholic liquor at retail without having first obtained a valid license to do so under the act shall be guilty of a Class I misdemeanor for a first offense and a Class IV felony for a second or subsequent offense.

(3) Each day any person engages in business as a manufacturer, wholesaler, retailer, or bottle club in violation of the act shall constitute a separate offense.

(4) In any prosecution in which a person is charged with an offense arising out of the failure to obtain a valid license as provided in subdivision (1)(a) or (b) or subsection (2) of this section, evidence of the failure of the accused to produce such license upon demand shall constitute prima facie proof that a license has not been issued by the commission to such person.

**Sec. 5.** Section 71-24,106, Revised Statutes Supplement, 2025, is amended to read:

71-24,106 Sections 71-24,106 to 71-24,111 and sections 7 to 9 of this act shall be known and may be cited as the Nebraska Medical Cannabis Regulation Act.

**Sec. 6.** Section 71-24,109, Revised Statutes Supplement, 2025, is amended

to read:

71-24,109 (1) For purposes of providing the necessary registration and regulation of persons that possess, manufacture, distribute, deliver, and dispense cannabis for medical purposes pursuant to the Nebraska Medical Cannabis Regulation Act, the Nebraska Medical Cannabis Commission is created.

(2) The commission shall consist of no fewer than three and no more than five members.

(3) The three members of the Nebraska Liquor Control Commission shall be ex officio members of the commission, serving terms and receiving appointment in the same manner as provided in section 53-105.

(4) The Governor may appoint two additional members, subject to confirmation by a majority of the members elected to the Legislature, to serve with the members of the Nebraska Liquor Control Commission as members of the Nebraska Medical Cannabis Commission. The members appointed pursuant to this subsection shall serve six-year terms.

(5) The Governor may reappoint members of the commission, subject to approval by a majority of the members elected to the Legislature.

(6) Each member of the Nebraska Medical Cannabis Commission shall receive an annual salary of twelve thousand five hundred dollars. Such salary shall be paid in equal installments.

**Sec. 7.** (1) The Nebraska Medical Cannabis Commission Cash Fund is created. The fund shall consist of transfers from the Legislature and all fees, gifts, grants, and other money, excluding civil penalties, received or collected by the commission under the Nebraska Medical Cannabis Regulation Act.

(2) The commission shall use the fund for the administration and enforcement of the Nebraska Medical Cannabis Regulation Act.

(3) Any money in the Nebraska Medical Cannabis Commission Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

**Sec. 8.** The commission may by rule and regulation provide for a schedule

of fees related to the administration of applications, registrations, and renewals of registrations. No fee shall exceed fifty thousand dollars.

**Sec. 9.** The commission shall require an applicant for initial issuance of a registration to submit two legible sets of fingerprints to be furnished to the Federal Bureau of Investigation through the Nebraska State Patrol for a national criminal history information record check and the fee for such record check payable to the patrol. The applicant shall authorize release of the national criminal history record check to the commission.

**Sec. 10.** Sections 1, 2, 3, 4, and 11 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

**Sec. 11.** Original sections 53-103.47 and 53-1,100, Reissue Revised Statutes of Nebraska, section 53-132, Revised Statutes Cumulative Supplement, 2024, and section 53-123.17, Revised Statutes Supplement, 2025, are repealed.

**Sec. 12.** Original sections 71-24,106 and 71-24,109, Revised Statutes Supplement, 2025, are repealed.

**Sec. 13.** Since an emergency exists, this act takes effect when passed and approved according to law.

\_\_\_\_\_  
**PRESIDENT OF THE LEGISLATURE**

*THIS IS TO CERTIFY that the within LB 1235 was passed by the One Hundred Ninth Legislature of Nebraska at its Second Session on the ..... day of ..... 20.....*

\_\_\_\_\_  
**CLERK OF THE LEGISLATURE**

**Approved:**

..... 20....., ..... o'clock .....M.

\_\_\_\_\_  
**GOVERNOR**