

Revised per General File Amendment

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

### ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$233,030	\$175,000		(\$175,000)
CASH FUNDS	\$135,750	\$135,750		
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$368,780	\$310,750		(\$175,000)

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

LB 177 was amended by AM87 on General File. The details of LB 177, as amended, are discussed below.

The bill amends the Mechanical Amusement Device Tax Act.

The bill amends the definitions of distributor and operator under the Act.

The bill changes the annual license for operators to a biennial license.

The bill changes the annual license for distributors to a biennial license. The biennial license fee for a distributor of a cash device is changed from \$100 to \$200 per cash device and the maximum fee is changed from \$5,000 to \$10,000.

The bill changes the annual license for manufacturers to a biennial license. The biennial license fee for a manufacturer of a cash device is changed from \$5,000 to \$10,000.

The bill adds language to previous statutory language regarding background checks under the Act so that, except for an applicant that holds a liquor license under the Nebraska Liquor Control Act, an applicant for or person holding a license of a cash device shall be subject to a background check at any time by the Department of Revenue (DOR) including fingerprinting and a check of his or her criminal history record information maintained by the Identification Division of the Federal Bureau of Investigation through the Nebraska State Patrol for the purpose of determining whether the DOR has a basis to deny the license application or to suspend, cancel, revoke, or terminate the person's license. Each applicant for or person holding a license shall also submit a personal history report to the DOR on a form provided by the DOR and may be subject to a background investigation, an inspection of the applicant's or licensee's facilities, or both. The applicant shall pay the costs associated with the background check along with any required fees as determined by the DOR.

The DOR estimates the following impact to General Fund revenues as a result of the bill:

- FY26: \$175,000
- FY27: (\$175,000)
- FY28: \$180,000
- FY29: (\$180,000)

The DOR estimates no cost to it to implement the bill.

There is no basis to disagree with these estimates by the DOR.

The Nebraska State Patrol (NSP) estimates additional Cash Fund revenue and expenditures as a result of this bill. We estimate Cash Fund revenue in FY26 of \$135,750 with Cash Fund expenditures equal to those revenues and minimal revenues in future fiscal years as a result of the bill. Additionally, we estimate General Fund expenditures in FY26 of \$233,030 and no expenditures in future years. The revenues and expenditures are estimated only in FY26 as initial fingerprinting and criminal history record check are estimated to occur as estimated by the NSP in FY26 but only minimally in future years.

INISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 177	AM: 87	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 2/26/2025	PHONE: (402) 471-4178
COMMENTS: Concur with the Department of Revenue assessment of fiscal impact from LB 177, AM 87.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 177	AM: 87	AGENCY/POLT. SUB: State Patrol
REVIEWED BY: Ryan Yang	DATE: 2/20/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the State Patrol assessment of fiscal impact from LB 177, AM 87. There is no change to the original fiscal note.		

## Phone: 471-5896

<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>							

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

**2025**

**LB<sup>(1)</sup> 177, AM 87**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska State Patrol

Prepared by: <sup>(3)</sup> Carol Aversman Date Prepared: <sup>(4)</sup> 02/14/2025 Phone: <sup>(5)</sup> 402-471-4545

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$233,030</u>	<u></u>	<u>\$233,910</u>	<u></u>
CASH FUNDS	<u>\$135,750</u>	<u>\$135,750</u>	<u>\$45,250</u>	<u>\$45,250</u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>\$368,780</u>	<u>\$135,750</u>	<u>\$279,160</u>	<u>\$45,250</u>

Explanation of Estimate:

**There is no change to the original fiscal note filed as a result of Amendment 87.**

LB 177 requires manufacturers, distributors and operators of cash devices to procure a biennial license from the Tax Commissioner. This license requires the applicants to have a background check completed which includes fingerprinting and a check of his or her criminal history record information maintained by the Identification Division of the Federal Bureau of Investigation through the Nebraska State Patrol for the purpose of determining whether the Department of Revenue has a basis to deny the license application or to suspend, cancel, revoke, or terminate the person's license. An exception exists if the distributor or operator applicant holds a liquor license under the Nebraska Liquor Control Act.

The Department of Revenue was consulted regarding the number of applicants and estimates that 3,000 applicants will require a background check in the first year. It is anticipated that a 33% growth rate of new applicants will exist in subsequent years, resulting in at least 1,000 new background checks per year.

The Criminal Identification Division of the State Patrol estimates that 5 additional full-time positions would be required to administer the increased background checks required by the bill. Capital outlays include one-time expenditures for an AFIS workstation of \$50,000 for purposes of gathering fingerprints, cubical workstations for each staff member at \$3,300 each, computer monitors, desk-top scanners, and associated office furniture. Other operating expenses include office supplies, ongoing OCIO fees and laptop lease charges, and the fees charged by the Federal Bureau of Investigation (\$12.00 per applicant).

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Office Specialists	<u>3</u>	<u>3</u>	<u>\$104,616</u>	<u>\$107,754</u>
Administrative Technicians	<u>2</u>	<u>2</u>	<u>\$74,975</u>	<u>\$77,225</u>
Benefits.....			<u>\$66,745</u>	<u>\$68,747</u>
Operating.....			<u>\$48,984</u>	<u>\$25,434</u>
Travel.....				
Capital outlay.....			<u>\$73,460</u>	
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$368,780</u>	<u>\$279,160</u>