John Wiemer March 17, 2025 402-471-0051

LB 177

Revision: 01 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised per General File Amendment

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	5-26	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

AGENCY/POLT. SUB: Department of Revenue

LB: 177 AM: 87

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.

DATE: 2/20/2025

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 177 AM: 87

AGENCY/POLT. SUB: State Patrol

REVIEWED BY: Ryan Yang

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.

LB 0177 AM87

Fiscal Note 2025

		State Agency	Estimate			
State Agency Name: Department of	Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	03/14/2025		Phone: 471-5896	
	FY 2025-2026		FY 2026-2027		<u>FY 2027-2028</u>	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ 175,000		(\$175,000)		\$ 180,000
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 175,000		(\$175,000)		\$ 180,000
		\$ 175,000		(\$175,000)		\$ 180,000

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LB 177 AM87 updates the definition of "operator" to mean, "any person who operates a place of business in which a mechanical device is physically located and available for play," under the Mechanical Amusement Device Tax Act. Also updates the definition of Distributor to make clear operators are not also distributors.

Changes the annual license required of operators of cash devices to a biennial license and provides clarifying language to allow for the Department of Revenue (DOR) to conduct a nationwide criminal background check using fingerprints. There is still no fee for this license.

Changes the annual license required of distributors of cash devices to a biennial license and provides clarifying language to allow DOR to conduct a nationwide criminal background check using fingerprints. Updates the license fee amount from \$100 per device to \$200 per device and updates the maximum fee from \$5,000 to \$10,000.

Changes the annual license required of manufacturers of cash devices to a biennial license and provides clarifying language to allow DOR to conduct a nationwide criminal background check using fingerprints. Updates the license fee from \$5,000 to \$10,000.

The operative date for LB 177 is three months after the adjournment of the Legislature.

It is estimated that LB 177 AM87 will have the following impact on General Fund revenues due to the change from annual license to biennial license.

FY	General Funds
FY 25-26	\$175,000
FY 26-27	(\$175,000)
FY 27-28	\$180,000
FY 28-29	(\$180,000)

It is estimated that there will be no cost to the Department of Revenue to implement this bill.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	25-26 <u>FTE</u>	26-27 <u>FTE</u>	27-28 <u>FTE</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>	27-28 <u>Expenditures</u>
Benefits							
Operating Costs	Operating Costs						
Capital Outlay	Capital Outlay						
Capital Improveme	nts						

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LB ⁽¹⁾ 177, AM	87			FISCAL NOTE
State Agency OR Political	Subdivision Name: ⁽²⁾	Nebraska State Pa	atrol	
Prepared by: ⁽³⁾ Caro	l Aversman	Date Prepared: ⁽⁴⁾	02/14/2025 Phone: ⁽⁵⁾	402-471-4545
]	ESTIMATE PROVID	ED BY STATE AGEN	CY OR POLITICAL SUBDIVIS	SION
	<u>FY 2</u>	2025-26	FY 202	26-27
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	<u>REVENUE</u>
GENERAL FUNDS	\$233,030		\$233,910	
CASH FUNDS	\$135,750	\$135,750	\$45,250	\$45,250
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$368,780	\$135,750	\$279,160	\$45,250

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).

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