

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised per Select File Amendments

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	3,800,920	0	0	SEE BELOW
FY2027-2028	SEE BELOW	3,681,232	0	0	SEE BELOW
FY2028-2029	SEE BELOW	3,712,632	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	21,521,000	4,440,000	0	0	25,961,000
FY2027-2028	22,764,000	6,829,000	0	0	29,593,000
FY2028-2029	23,025,000	6,945,000	0	0	29,970,000

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

LB 901 was amended by AM2406, AM2469, and FA1028 on General File. AM2406 is a white-copy amendment and includes the modified provisions of LB 890, LB 920, LB 1110, and LB 1131. AM2469 and FA1028 further modify the provisions of LB 920. These amendments to LB 901 were incorporated into ER133 when the bill was placed on Select File.

On Select File, ER133 was adopted and ER133 was amended by AM2599, AM2717, AM2674, and FA1056. AM2599 further modifies provisions of LB 920 and LB 1110. AM2717 further modifies provisions of LB 890. AM2674 adds the modified provisions of LB 873. FA1056 further modifies the provisions of LB 920.

The details of LB 901, as amended, are discussed below.

Modified Provisions of LB 1131

The bill establishes the Domestic Violence and Human Trafficking Service Providers Tax Credit Act.

For taxable years beginning on or after January 1, 2027, there shall be allowed refundable credits against the income tax imposed by the Nebraska Revenue Act of 1967 as follows:

1. \$240,000 of tax credits to be distributed equally among qualifying domestic violence and sexual assault programs run by tribal governments;
2. \$150,000 of tax credits to be distributed to a statewide coalition representing nonprofit organizations that have an affiliation agreement with the Department of Health and Human Services (DHHS) to provide services to victims of domestic abuse under the Protection from Domestic Abuse Act;
3. \$1,044,000 of tax credits to be distributed equally to entities described in items 1 and 2 and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking; and
4. \$1,566,000 of tax credits to be distributed to entities described in items 1 and 2 and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking as follows:
 - o \$1,252,800 of tax credits to be distributed based on the population of the program or service area as shown by the latest federal decennial census or as determined by the DOR if such census data is not available; and
 - o \$313,200 of tax credits to be distributed based on the square miles of the program or service area.

The Department of Revenue (DOR) may adopt and promulgate rules and regulations to carry out the Act.

The bill amends section 77-202 to remove a personal property tax exemption regarding data centers.

Modified Provisions of LB 1110

The bill provides that DHHS and the DOR, for the purpose of the proper administration of the laws administered by each agency, shall, upon request, disclose confidential information about persons, businesses, and state and local subdivisions to the other agency.

The bill also provides the following:

- The DOR shall add a collection fee in the amount of \$25 or 10% of the tax liability, whichever is greater, to all delinquent tax claims. In addition to the collection fee, the DOR shall add the actual costs incurred by the DOR to collect delinquent taxes to the tax liability at the time such costs are incurred.
- The DOR shall add an assessment fee in the amount of \$25 or 10% of the tax liability, whichever is greater, to all assessments and notices of deficiency when issued. If the assessment or notice of deficiency becomes due and owing, the assessment fee shall be recalculated on the tax liability as of the date when the assessment or notice of deficiency becomes due and owing.
- The Tax Commissioner may require any person filing a petition for redetermination of a notice and demand for payment issued pursuant to section 77-1783.01 or a notice of a deficiency determination issued pursuant to the Nebraska Revenue Act of 1967, to remit a filing fee of \$40 to the DOR.

- All applications for a waiver of interest or penalty pursuant to the statutory authority of the Tax Commissioner shall be submitted with a fee of \$25.
- All written requests for a certificate stating no tax is due which are filed pursuant to section 77-2707 shall be submitted with a fee of \$25.

The fees and costs collected by the DOR pursuant to the items listed above shall be remitted to the State Treasurer for credit to the DOR Enforcement Fund. Beginning on January 1, 2027, and on January 1 of successive years, the DOR shall increase the fees provided for above based on inflation.

The bill amends section 9-1,101 to remove the provision that the taxes collected and available to the Charitable Gaming Division pursuant to section 77-3012 shall be used by the division for enforcement of the Mechanical Amusement Device Tax Act and maintenance of the central server established pursuant to section 77-3013.

The bill amends section 77-367 to eliminate the 10% of proceeds that are credited to the DOR Enforcement Fund from being used for purposes of identifying nonfilers, underreporters, nonpayers, and improper or fraudulent payments.

The bill amends section 77-377.01 to remove the agency from having expenditures regarding delinquent tax claims that may be assigned to the collection agency, for the purpose of litigation in the agency's name.

The bill amends section 77-377.02 to add a subsection (2) to provide that if, at the time a delinquent tax claim is assigned to a collection agency, any collection fees or costs were added to the tax liability pursuant to bullet items 1 and 2 listed above, then a portion of such fees and costs, up to 50% of the balance of the delinquent tax claim, shall be added to the amount owed and collected from the taxpayer along with the fees for the collection agency's services as provided in the contract. The collection fees and costs added to the amount owed and collected from the taxpayer pursuant to this subsection shall be remitted and deposited in the same manner as the taxes being collected.

The bill amends section 77-3,109 so that the DOR shall credit any charges to persons and state agencies for the specified publications to the DOR Enforcement Fund.

The bill amends section 77-3,110 to terminate the DOR Miscellaneous Receipts Fund on July 1, 2026 and the State Treasurer shall transfer any money in the fund on such date to the DOR Enforcement Fund.

The bill amends section 77-3,118 so that the DOR shall credit charges to persons and state agencies for any listings made by the DOR of information that is not confidential to the DOR Enforcement Fund.

The bill amends section 77-27,107 to provide that the Tax Commissioner may register a claim for any delinquent taxes due and owing as a judgment in the office of the clerk of the district court of Lancaster County in the same manner as a foreign judgment is filed under the Nebraska Uniform Enforcement of Foreign Judgments Act.

The bill amends section 77-5601 to change the uses of the DOR Enforcement Fund so that money in the fund shall be used by the DOR for the administration and enforcement of any activity or function administered by the Tax Commissioner. The bill also removes investment earnings from investment of money in the fund from being credited to the General Fund.

Modified Provisions of LB 890

The bill amends section 77-3003 to provide that beginning January 1, 2025, the biennial license for a distributor of a cash device shall be accompanied by a fee of \$200 per cash device up to a maximum of \$10,000. The DOR shall remit these license fees collected by DOR to the State Treasurer for credit to the DOR Enforcement Fund.

The bill amends section 77-3003.01 to provide that a manufacturer or distributor of a cash device shall pay an application fee. The application fee shall be:

- \$500 prior to January 1, 2027; and
- \$650 beginning January 1, 2027.

The bill also amends section 77-3003.01 to provide that for each cash device in operation in Nebraska the annual decal fee shall be:

- \$250 prior to January 1, 2027; and
- \$350 beginning January 1, 2027.

The application fee and annual decal fee amended in section 77-3003.01 are credited to the DOR Enforcement Fund under current statute as well as under the bill.

The bill amends section 77-3003.03 to provide that a manufacturer of a cash device shall be required to procure a biennial license from the Tax Commissioner permitting such manufacturer to place any cash devices in the State of Nebraska for sale, lease, or distribution through a 3rd party. The license fee for a manufacturer of a cash device shall be \$10,000. The DOR shall remit these license fees collected by the DOR to the State Treasurer for credit to the DOR Enforcement Fund.

The bill amends section 77-3004 to change the occupation tax on mechanical amusement devices that are not cash devices to the following:

- \$35 prior to January 1, 2027, except that for such mechanical amusement devices placed in operation after July 1, and before January 1 of any such year, the occupation tax shall be \$20 for each mechanical amusement device; and
- For calendar year 2027 and each calendar year thereafter, the occupation tax is \$70.

These occupation taxes shall be remitted to the State Treasurer for credit as follows:

- 20% to the DOR Enforcement Fund; and
- 80% to the General Fund.

Under current statute, these occupation taxes are fully credited to the General Fund.

Under current law, for the fees discussed in this bill under section 77-3003 and section 77-3003.03, these fees are to be credited to the General Fund. Revenue from these fees is \$813,100 in FY25 and is \$426,500 through January of FY26. It appears the DOR has been crediting these fees, however, to the DOR Enforcement Fund in FY25 and FY26. As such, there is no estimated fiscal impact from the change in the bill going forward.

Modified Provisions of LB 1109

The bill repeals the following sales and use tax exemptions:

- For nonprofit organizations under section 77-2704.12 (1)(j)
- Species of game birds subject to permit and regulation by the Game and Parks Commission
- Community-based energy development (C-BED) project exemptions under section 77-2704.57
- Mineral oil to be applied to grain as a dust suppressant
- Biochips used for the purposes of conducting genotyping or the analysis of gene expression, protein expression, genomic sequencing, or protein profiling of plants, animals, or nonhuman laboratory research model organisms
- Data center exemptions under section 77-2704.62

The bill amends the following tax credits:

- The renewable energy credit under section 77-27, 235 ends at the end of FY26
- Removes the credit allowed under section 77-5803 of the Nebraska Advantage Research and Development Act from being able to be used as a refundable credit claimed on an income tax return of the taxpayer
- Removes Waste Treatment and Disposal— 5622 as a qualified location under section 77-6818 of the ImagiNE Nebraska Act

Modified Provisions of LB 920

The bill provides that an operator, distributor, or manufacturer of a cash device shall not market, advertise, promote, or make available any cash device in the state if the device or its container, packaging, or advertising materials:

- Depict a cartoon-like or fictional character primarily used to appeal to minors; or
- Imitate or mimic the trademark, trade dress, branding, or packaging of products primarily marketed to minors.

Under the bill, no person shall place or permit exterior advertising for a cash device on or about any premises where such device is located except as provided in the bill.

The bill provides that beginning August 1, 2026, an operator of a cash device shall not make such device available for play at a retail establishment unless an attendant is physically present on the premises of such retail establishment and capable of actively supervising play of such cash device.

The bill amends the tax upon the net operating revenue of cash devices from 5% to 10%.

The bill changes the distribution of the tax on cash devices to the following:

- General Fund: 46.75% (a change from the current 2.5%)
- Charitable Gaming Operations Fund: 0% (a change from the current 20%)
- DOR Enforcement Fund: 9.75% (a change from the current 0%)
- Compulsive Gamblers Assistance Fund: 2.25% (a change from the current 2.5%)
- Nebraska Tourism Commission Promotional Cash Fund: 5% (a change from the current 10%)
- Property Tax Credit Cash Fund: 20% (a change from the current 40%)
- Behavioral Health Services Fund: 3.75% (a change from the current 0%)
- Cities/Counties: 12.5% (a change from the current 25%)

The bill amends section 71-812 regarding the Behavioral Health Services Fund to provide that money transferred to the fund under section 77-3012 shall be allocated to the behavioral health authority of the behavioral health region in which the cash device is located.

Modified Provisions of LB 873

The bill amends the Kratom Consumer Protection Act (Act).

The bill provides that beginning July 1, 2027, an excise tax shall be levied on the retail sale of kratom products to consumers at the rate of 10% of the retail purchase price. The excise tax is in addition to all other occupation, privilege sales, or use taxes imposed by this state or by any political subdivision of the state.

Each retailer of kratom products shall maintain complete and accurate electronic records of sales of kratom products, in the manner prescribed by the Department of Revenue (DOR). Each such retailer shall provide such records to the DOR upon request.

Each retailer of kratom products shall file a return with the DOR by the 20th day of the month following the month reported and with the report shall remit the amount of excise tax due.

The DOR may require retailers to file tax returns electronically and to remit payments due by electronic funds transfers.

The DOR shall collect the excise tax and shall account for and remit to the State Treasurer at least once each month all money collected pursuant to such tax for credit to the General Fund.

The bill provides that if the DOR has a reasonable belief that a product may be an adulterated kratom product, the DOR may require the person selling, providing, or distributing the product to obtain an independent 3rd party test of the product by a laboratory of the DOR's choosing. A person shall not sell, provide, or distribute any product undergoing such testing until the test results verify that such product is not adulterated.

The bill provides that if a processor violates the Act by selling, offering for sale, providing, or distributing an adulterated kratom product in the state, the DOR shall remove any product found to be adulterated from the list of registered kratom products on the DOR's website.

The bill provides that if a kratom product is found to be adulterated under section 71-3809 with ingredients not reflected on the label of the product, such violation of the Kratom Consumer Protection Act is also prima facie evidence of a violation of the Consumer Protection Act.

Revenues:

The DOR estimates the following increases to General Fund and Cash Fund revenues as a result of the bill:

	FY27	FY28	FY29
General Fund	\$ 21,521,000	\$ 22,764,000	\$ 23,025,000
Revenue Enforcement Fund	\$ 4,549,000	\$ 7,089,000	\$ 7,234,000
Charitable Gaming Operations Fund	\$ (1,255,000)	\$ (1,723,000)	\$ (1,775,000)
Compulsive Gamblers Assistance Fund	\$ 125,000	\$ 172,000	\$ 177,000
Behavioral Health Services Fund	\$ 470,000	\$ 646,000	\$ 665,000
Highway Trust Fund	\$ 551,000	\$ 645,000	\$ 644,000
State Total	\$ 25,961,000	\$ 29,593,000	\$ 29,970,000
Highway Allocation Fund	\$ 97,000	\$ 114,000	\$ 114,000
Overall Total	\$ 26,058,000	\$ 29,707,000	\$ 30,084,000

There is estimated to be revenue increases to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties.

The General Fund impact reflects changes to fees/taxes under provisions connected to LB 890 and LB 1110, the change to the cash device tax rate and distribution under the provisions connected to LB 920, the revenue increases as a result of the provisions connected to LB 1109, the revenue increases as a result of the provisions connected to LB 873, and the revenue decreases as a result of the tax credit provisions connected to LB 1131. DOR Enforcement Fund impact reflects changes to fees under provisions connected to LB 890 and LB 1110 as well the change to the cash device tax and distribution under the provisions connected to LB 920. The impact to the Highway Trust Fund and Highway Allocation Fund is as a result of sales tax changes connected to the provisions of LB 1109. The impact to the other funds in the table above is as a result of the change to the cash device tax rate and distribution under the provisions connected to LB 920.

The Nebraska Tourism Commission estimates no fiscal impact to it as a result of the bill. There is no basis to disagree with this estimate.

In its previous fiscal note response, the Nebraska Association of County Officials estimated an indeterminant increase in property tax revenues as a result of the elimination of the personal property tax exemption regarding data centers. A change in the taxable base for schools due to the elimination of the exemption of property could have an impact on state aid under TEEOSA, but any such amount is indeterminate.

Expenditures:

The DOR estimates the need for a one-time charge of \$564,711 in FY27 as a result of the provisions connected to LB 1131 to be paid to the Office of the Chief Information Officer (OCIO) for programming and development costs and the need for 0.5 FTE IT Business Systems Analyst-Coordinator paid from the General Fund.

The DOR estimates a one-time charge of \$105,300 in FY27 as a result of the provisions connected to LB 1110 to be paid to the Office of the Chief Information Officer (OCIO) for programming and development costs paid from the DOR Enforcement Fund.

The DOR estimates the need for a one-time charge of \$353,091 in FY27 as a result of the provisions connected to LB 873 to be paid to the Office of the Chief Information Officer (OCIO) for programming and development costs as well as \$10,623 for system maintenance in subsequent years. The DOR also estimates the need for 2.0 FTE Fiscal Compliance Analyst, 0.5 FTE Revenue Agent, 1.0 FTE IT Application Developer-Senior, and 1.0 FTE Attorney paid from the General Fund.

We estimate these costs for the DOR, except for the FY27 costs connected to LB 873, to be paid for with the increase in revenue to the DOR Enforcement Cash Fund as a result of the provisions connected to LB 890 and LB 1110 under the bill. Additionally, the fee revenue from the bill credited to the DOR Enforcement Fund allows for an elimination of DOR's Revenue Administration Program General Fund appropriation starting FY27, except for the FY27 General Fund costs connected to the provisions of LB 873. The total FY27 General Fund appropriation for this program at \$2,606,009 in FY27 under the Appropriations Committee proposed budget. Due to the increase in cash fund revenue available, the Cash Fund appropriation in FY27 for the Program can increase by \$2,606,009 plus the additional costs of DOR connected to the provisions of LB 1110 and LB 1131 of \$724,911, creating a total increase of Cash Fund appropriations for this Program of \$3,330,920. Cash Fund appropriations for FY28 and FY29 for the DOR reflect the \$2,606,009 increase in Cash Fund appropriation as well as continued personnel and IT costs for the DOR of \$429,223 in FY28 and \$441,623 in FY29 connected to the provisions of LB 873 and LB 1131.

DHHS estimated in a previous fiscal note response regarding the provisions connected to LB 1110, staff time that may be needed to initiate data sharing between DOR and DHHS and IT costs totaling \$80,940 in FY27. DHHS plans to absorb these costs with current staff and resources.

We also estimate that the increases in revenue into the Behavioral Health Services Fund are to be expended by DHHS each fiscal year.

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2026

LB⁽¹⁾ 901 AM2406 AM2469 FA1028 AM2599 AM2717
AM2674

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Nebraska Tourism Commission

Prepared by: ⁽³⁾ Alisha Simonson

Date Prepared: ⁽⁴⁾ 03/24/2026

Phone: ⁽⁵⁾ 402-471-3796

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS		627,000		861,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB901, AM2599 would reinstate the tax imposed to be transferred to the Nebraska Tourism Commission's Promotional Cash Fund. The reinstated percentage received by the Commission would be lowered from 10% to 5%.

According to Section 29 of AM2406, the net operating revenue tax would be increased from 5% to 10% for each cash device.

While Nebraska Tourism Commission's allotment percentage decreased by half, the taxes received will have doubled resulting in revenue expectations remaining consistent with current levels.

Above revenue is based on DOR's projections.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
... Operating.....				
.... Travel.....				
. Capital outlay.....				
Aid.....				
. Capital improvements.....				

TOTAL.....

LB 901 E&R 133 as Amended

Fiscal Note 2026

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:		
Approved by: James R. Kamm				Date Prepared: 3/24/2026		
				Phone: 471-5896		
	FY 2026-2027		FY 2027-2028		FY 2028-2029	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$1,354,202	\$21,521,000	\$429,223	\$22,764,000	\$441,623	\$23,025,000
Cash Funds	\$105,300	\$4,440,000		\$6,829,000		\$6,945,000
Federal Funds						
Other Funds		\$97,000		\$114,000		\$114,000
Total Funds	\$1,459,502	\$26,058,000	\$429,223	\$29,708,000	\$441,623	\$30,085,000

E&R 133 of LB 901 amended by AM 2599 AM 2674 AM 2717 and FA 1056 do the following:

Sections 1 through 4 creates the Domestic Violence and Human Trafficking Service Providers Tax Credit Act (DV & HTSP Act). For taxable years beginning on or after January 1, 2027, the DV & HTSP Act allows refundable credits against the income tax of the Nebraska Revenue Act of 1967 as follows:

- a) \$240,000 to be distributed equally among qualifying domestic violence and sexual assault programs run by tribal governments;
- b) \$150,000 to be distributed to a statewide coalition representing nonprofit organizations that have an affiliation agreement with the Department of Health and Human Services (DHHS) to provide services to victims of domestic abuse under the Protection from Domestic Abuse Act;
- c) \$1,044,000 to be distributed equally to entities described in subdivision a) and b) of this section and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking;
- d) \$1,566,000 to be distributed to entities described in subdivisions a) and b) of this section and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking as follows:
 - a) \$1,252,800 to be distributed based on the population of the program or service area as shown by the latest federal decennial census or as determined by the Department of Revenue (DOR) if such census data is unavailable; and
 - b) \$313,000 to be distributed based on the square miles of the program or service area;

The DOR must distribute all credits allowed under the DV & HTSP Act each calendar year. A credit recipient may sell all or a portion of the credit received under the DV & HTSP Act to another taxpayer. The purchasing

Major Objects of Expenditure

Class Code	Classification Title	26-27	27-28	28-29	26-27	27-28	28-29
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A07082	Information Technology Business Systems Analyst/Coordinator	0.5	0.5	0.5	\$37,500	\$38,600	\$39,700
A21211	Fiscal Compliance Analyst	2.0	2.0	2.0	\$101,400	\$104,500	\$107,600
X29222	Revenue Agent	0.5	0.5	0.5	\$22,600	\$23,300	\$24,000
A07012	Information Technology Applications Developer/Senior	1.0	1.0	1.0	\$83,700	\$86,200	\$88,800
A31111	Attorney I	1.0	1.0	1.0	\$60,300	\$62,200	\$64,000
Benefits.....					\$100,900	\$103,800	\$106,900
....							
Operating Costs.....					\$1,023,102	\$10,623	\$10,623
Travel.....							
....							
Capital Outlay.....					\$30,000		
Capital Improvements.....							
Total.....					\$1,459,502	\$429,223	\$441,623
....							

taxpayer must have received a transfer of the credit prior to the date a tax return, or amended return, claiming the tax credit is filed. For any tax year in which a credit is sold, the credit recipient selling the tax credit must notify the DOR of the sale and provide the tax identification number of the purchasing taxpayer at least 30 days prior to the taxpayer claims the tax credit. The notification will be in the manner prescribed by the DOR.

The DOR may adopt and promulgate rules and regulations to carry out the DV & HTSP Act.

Section 5 provides that, beginning October 31, 2026, the DHHS and the DOR for the purpose of proper administration of the laws administered by each agency, will upon request disclose confidential information to the other agency. The confidential information may be about persons, businesses, and state and local subdivisions. The receiving agency must not use any confidential information obtained from the transmitting agency except for purposes directly connected with the proper administration of the laws administered by each agency.

The disclosures may be made under Section 5 notwithstanding any other provision of law of this State regarding disclosure of information by either agency. Any information received by either agency under this section must be considered confidential as required by the applicable state laws or rules and regulations which govern the transmitting agency's disclosure of the information and any use of such information after such disclosure. Any individual who discloses such information other than as specifically allowed by this section or other laws of this State must be subject to the penalties normally imposed on individuals who improperly disclose such information.

Section 6 provides the following:

- 1) The DOR will add a collection fee of \$25 or 10% of the tax liability, whichever is greater, to all delinquent tax claims regardless of whether the claim has been assigned to a collection agency under Neb. Rev. Stat. §§ 77-377.01 to 77-377.04. Delinquent tax claim has the same meaning as in § 77-377.01.
- 2) In addition to the collection fee in subsection 1), the DOR will add the actual costs incurred by the DOR to collect delinquent taxes to the tax liability at the time such costs are incurred.
- 3) The DOR will add an assessment fee of \$25 or 10% of the tax liability, whichever is greater, to all assessments and notices of deficiency when issued. If the assessment or notice of deficiency becomes due and owing, the assessment fee will be recalculated on the tax liability as of the date when the assessment or notice of deficiency becomes due and owing.
- 4)
 - a) The Tax Commissioner may require any person to remit a \$40 filing fee when filing a petition for redetermination of
 - i. a notice and demand for payment issued under § 77 1783.01 or
 - ii. a notice of a deficiency determination issued under the Nebraska Revenue Act of 1967.
 - b) Any person may file an application with the DOR claiming he or she is indigent. A person determined indigent by the DOR will not be required to remit the filing fee in subsection 4(a). AM 2406 defines indigent and provides the circumstances the DOR will consider when making the determination.
- 5) All applications for waiver of interest or penalty under the statutory authority of the Tax Commissioner will be submitted with a \$25 fee.
- 6) All written requests for a certificate stating no tax is due under § 77-2707 will be submitted with a \$25 fee.

- 7) The fees and costs collected by the DOR under this section will be remitted to the State Treasurer for credit to the Department of Revenue Enforcement Fund (DOR Enforcement Fund).
- 8) Beginning January 1, 2027, and each January 1 of successive years, the DOR will increase the fees provided in this section by the percentage change, if any, as of August of the previous year over the level as of August of the year preceding that year in the Consumer Price Index for all Urban Consumers, Midwest Region, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

Section 7 strikes language from 9-1,101 that said the taxes collected pursuant to 77-3012 shall be used by the division for enforcement of the MAD Act and maintenance of the central server established in 77-3013.

Section 8 amends Neb. Rev. Stat. § 71-812 to require an allocation for money transferred to the Behavioral Health Services Fund under § 77-3012.

AM 2674 inserts the following new sections 9 through 12 (LB 873). Section 10 creates a 10% excise tax on kratom products, effective January 1, 2027. The excise tax will be remitted to the General Fund. This tax is in addition to application occupation, privilege sales, or use taxes.

Retailers will be required to maintain complete and accurate electronic records of sales of kratom products in a manner determined by DOR. Retailers will be required to provide these records to DOR upon request. At least once a month DOR will account for and remit this excise tax to the treasurer.

Section 11 states that if DOR has a “reasonable belief” that a product may be an adulterated kratom product (i.e. include a substance that is not permitted such as those on the controlled substances list or has higher than permitted levels of 7-OH), DOR may require that the person selling, providing or distributing the product obtain independent 3rd party lab testing of the product. DOR can choose the lab.

If a product is undergoing testing to determine if it is adulterated, a person will not be able to sell, provide or distribute that product until the testing verifies the product is not adulterated.

Section 12 states that if a processor violates the Kratom Consumer Protection Act by selling, offering for sale, providing or distributing an adulterated kratom product in Nebraska the product found to be adulterated will be removed from the list of registered kratom products.

Section 13 states that if a kratom product is found to be adulterated with ingredients not reflected on the product’s label, this violation shall also be prima facie evidence of a violation of the Consumer Protection Act.

AM 2674 renumbers the following sections.

Section 14 repeals Neb. Rev. Stat. § 77-202(10), eliminating the personal property tax exemption for personal property that is assembled, engineered, or processed as part of a data center, for the purpose of subsequent use at a physical location outside this State.

Section 15 eliminates the requirement in § 77-367(2) to use the proceeds deposited in the DOR Enforcement Fund for purposes of identifying nonfilers, underreporters, nonpayers, and improper or fraudulent payments.

Section 16 eliminates the provision that the assignment of delinquent tax claims to a collection agency under § 77-377.01, for purposes of litigation in the agency’s name, will be at the agency’s expense.

Section 17 amends § 77-377.02 to provide that if any collection fees or costs were added to the tax liability at the time a delinquent tax claim is assigned to a collection agency under Section 6(1) and (2) of LB 1110, then a portion of the fees or costs, up to 50% of the balance of the delinquent tax claim, will be added to the amount owned and collected from the taxpayer along with the fees for the collection agency's services as provided in the contract. The collection fees and costs added to the amount owed and collected from the taxpayer under this subsection will be remitted and deposited in the same manner as the taxes being collected. For purposes of this subsection, delinquent tax claim will have the same meaning as in § 77-377.01.

Section 18 removes mineral oil as dust suppressant from the tax expenditure report in Neb. Rev. Stat. § 77-382.

Section 19 amends § 77-3,109 to provide that DOR will remit all funds received from purchases of certain DOR publications to the State Treasurer for credit to the DOR Enforcement Fund.

Section 20 amends § 77-3,118 to provide that the funds received for any listings made by the DOR of information that is not confidential will be remitted to the DOR Enforcement Fund.

Section 21 repeals the sales and use tax exemption for purchases made by any nonprofit organization for purchases of property that will be transferred to an organization listed in Neb. Rev. Stat. § 77-2704.12(a) to (i) until the property is transferred or the contract for which the property was purchased is completed in Neb. Rev. Stat. § 77-2704.12(1)(j).

Section 22 repeals the sales and use tax exemption for sales of game birds subject to permit and regulation by the Games and Parks Commission in Neb. Rev. Stat. § 77-2704.46.

Sections 23 through 25 amends the respective tax credit statutes to provide the refundable credit provided under the DV & HTSP Act is allowed to all individuals in Neb. Rev. Stat. § 77-2715.07(8); resident and nonresident estate or trusts and resident and nonresident beneficiaries of the estates or trusts as provided in Neb. Rev. Stat. § 77-2717; and to corporate taxpayers in Neb. Rev. Stat. § 77-2734.03.

Section 26 amends § 77-27,107 to provide that the Tax Commissioner may register a claim for any delinquent taxes due and owing as a judgment in the office of the clerk of the district court of Lancaster County in the same manner as a foreign judgment is filed under the Nebraska Uniform Enforcement of Foreign Judgments Act.

Section 27 sunsets the renewable energy tax credit in Neb. Rev. Stat. § 77-27,235 and can no longer be earned after June 30, 2026 (before July 1, 2026).

Section 28 clarifies that license fees collected for licensing distributors of cash devices will be sent to the Department of Revenue Enforcement Fund.

Section 29 of E&R 133 amends Neb. Rev. Stat. § 77-3003.01 and increases the fee for receiving approval of a cash device from \$500 to \$650 beginning January 1, 2027. This is a one-time application fee. AM 2717 to E&R 133 strikes the inflation adjustment for the fee.

E&R 133 increases the number of cash devices to five (from four) in section 77-3003.01(8)(b)(ii)(B), and provides that the number will be four cash devices for an establishment located in a qualified census tract.

Section 29 increases the annual decal fee from \$250 to \$350 beginning January 1, 2027. AM 2717 to E&R 133 strikes the inflation adjustment for the fee..

The annual decal issued for each cash device will be replaced by the DOR without the payment of an additional fee under the following circumstances:

- A. if the decal is damaged through no fault of the distributor or operator; or
- B. if the cabinet on the cash device is destroyed beyond repaired through no fault of the distributor or operator. It provides that a replacement decal is not required
 - a. if the internal components of the cash device require replacement due to failure or damage and the replacement of such components does not change the approved cash device software currently on the device or
 - b. when cash device software is updated to improve security or resolve issues or defects. Any replacement decal will be valid for the same time period as the decal that was first issued.

Section 29 adds requirements about the appearance of cash devices and how they are promoted and advertised. Cash devices would be prohibited from utilizing cartoons or fictional characters that primarily appeal to minors. They cannot imitate or mimic the trademark, trade dress, branding, or packaging of products primarily marketed to minors. Locations may not utilize more than three exterior signs regarding cash devices and those signs have specific size requirements. Locations may not utilize outside banners, flags, window wraps, digital displays, vehicle wraps, or other outside advertisement that isn't explicitly permitted.

Section 30 provides that, beginning August 1, 2026, a location may not have cash devices unless “an attendant is physically present” and “capable of actively supervising play of such cash device.” An attendant is considered actively supervising if they “visually confirm the age of the player in conjunction with the age-verification required...” and “continuously monitors the area in which a cash device is located and intervenes to prevent play...” by underage individuals.

Section 31 clarifies that the license fees collected for licensing manufacturers of cash devices will be sent to the Department of Revenue Enforcement Fund. This does not increase this fee nor adjust for inflation.

Section 32 provides that the occupation tax on mechanical amusement devices which are not cash devices will increase from \$35 to \$70 beginning on January 1, 2027. Beginning on January 1, 2028, the fee will adjust in accordance with the Producer Price Index. It appears beginning with January 1, 2027, the decal fee is no longer prorated for purchases of decals made after July 1 of a calendar year. This section further clarifies that of this occupation tax, 20% is to be sent to the Department of Revenue Enforcement Fund and the remaining 80% is to be sent to the general fund.

Section 33 requires the DOR to develop rules and regulations regarding advertising used to appeal to minors. Section 28 adds that the DOR may examine and audit any retail establishment operating devices without notice, to verify compliance with the act.

Section 34 increases the net operating revenue tax from 5% to 10%. The current breakdown of the tax collected is as follows:

	Current Breakdown	E&R 133 as amended
Charitable Gaming Operations Fund	20.00%	0.00%
DOR Enforcement Fund	0.00%	9.75%
Compulsive Gamblers Assistance Fund	2.50%	2.25%
General Fund	2.50%	46.75%
Nebraska Tourism Commission Promotional Cash Fund	10.00%	5.00%

Property Tax Credit Cash Fund	40.00%	20.00%
Counties	25.00%	12.50%
Behavioral Health Services Fund	0.00%	3.75%

Section 35 amends § 77-5601 to remove duplicative transfer language to the DOR Enforcement Fund of 10% of all proceeds received during the calendar year for contracts entered into under § 77-367. See Section 15 description above.

Section 36 eliminates the refundable income tax credit allowed under the Nebraska Advantage Research and Development Act in Neb. Rev. Stat. § 77-5804. Taxpayers would be able to use the credit to obtain a sales and use tax refund or against their income tax liability (nonrefundable).

Section 37 amends Neb. Rev. Stat. § 77-6818 to eliminate Waste Treatment and Disposal – 5622 as a qualified location for the ImagiNE Nebraska Act.

Section 33 of E&R 133 (before remembering) removes the revenue from the tax collected on the net operating revenue of cash devices from the Nebraska Tourism Commission Promotional Cash Fund. AM 2599 strikes Section 33 of E&R 133 and makes the following change. AM 2599 adds an amendment to Neb. Rev. Stat. § 77-3,110 to terminate the DOR Miscellaneous Receipts Fund on July 1, 2026 and transfer the money in the fund to the DOR Enforcement Fund. With renumbering by AM 2764, this section becomes Section 38 of E&R 133.

Section 43 outright repeals the following:

- Neb. Rev. Stat. § 77-2701.54, the definition of data center.
- Neb. Rev. Stat. § 77-2704.57, the sales and use tax exemption for purchases of materials for the manufacture, installation, construction, repair, replacement of a community-based energy development (C-BED) project.
- Neb. Rev. Stat. § 77-2704.60, the sales and use tax exemption for sales of mineral oil to be applied to gain as a dust suppressant.
- Neb. Rev. Stat. § 77-2704.61, the sales and use tax exemption for sales of biochips used for purposes of conducting genotyping or the analysis of gene expression, protein expression, genomic sequencing, or protein profiling of plants, animals, or nonhuman laboratory research model organisms.
- Neb. Rev. Stat. § 77-2704.62, the sales and use tax exemption for any tangible personal property acquired by a person operating a data center, which is an organized assembly of hardware and software and related infrastructure (including environmental control) for the purpose of storing, managing, or disseminating data which is subsequently used outside the state.

LB 901 as amended carries an emergency clause.

Section 39 provides the operative dates:

- Sections 1 through 4, 14, 23 through 25, and 31 become operative on January 1, 2027.
- Sections 5 through 7, 15 through 12, 26, 27, 38 (per AM 2599/renumbered by AM 2674), 40 and 43 become operative on July 1, 2026.
- Sections 8 through 13, 28 through 34, and 42 become operative three months after adjournment.
- Other sections become operative on their effective date.

LB 901 as amended by E&R 133 AM 2674 and AM 2599 is estimated to have the following fiscal impact to the general fund revenues and other cash fund revenues:

	FY26-27	FY27-28	FY28-29
General Fund revenues	\$ 21,521,000	\$ 22,764,000	\$ 23,025,000
Revenue Enforcement Fund	\$ 4,549,000	\$ 7,089,000	\$ 7,234,000
Charitable Gaming Operations Fund	\$ (1,255,000)	\$ (1,723,000)	\$ (1,775,000)
Compulsive Gamblers Assistance Fund	\$ 125,000	\$ 172,000	\$ 177,000
Behavioral Health Services Fund	\$ 470,000	\$ 646,000	\$ 665,000
Highway Trust Fund	\$ 551,000	\$ 645,000	\$ 644,000
Highway Allocation Fund (Cities and Counties)	\$ 97,000	\$ 114,000	\$ 114,000
Total	\$ 26,058,000	\$ 29,707,000	\$ 30,084,000

It is estimated that LB 901 as amended will require a one-time programming charge of \$1,023,102 paid to OCIO for programming and development costs, and an annual ongoing cost of \$10,623 for system maintenance. DOR will also need to hire 0.5 FTE information Technology Business Systems Analyst/Coordinator, 2.0 FTE Fiscal Compliance Analyst, 0.5 FTE Revenue Agent, 1.0 FTE Information Technology Application Developer at senior level, and 1.0 FTE Attorney to implement LB 901 as amended.

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

LB: 901 AM: E&R133 as amended AGENCY/POLT. SUB: Nebraska Department of Revenue (NDOR)

REVIEWED BY: Ryan Yang DATE: 3/24/2026 PHONE: (402) 471-4178

COMMENTS: Concur with the NDOR assessment of fiscal impact from LB 901, E&R133 as amended.

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

LB: 901 AM: 2406, 2469, FA1028, 2599, 2717, 2674 AGENCY/POLT. SUB: Nebraska Tourism Commission

REVIEWED BY: Ryan Yang DATE: 3/25/26 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the Tourism Commission assessment of positive fiscal impact from LB 901 as amended.