

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

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	0	SEE BELOW	0	0	SEE BELOW
FY2027-2028	0	SEE BELOW	0	0	SEE BELOW
FY2028-2029	0	SEE BELOW	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	13,000	12,521,000	0	0	12,534,000
FY2027-2028	17,000	17,194,000	0	0	17,211,000
FY2028-2029	18,000	17,711,000	0	0	17,729,000

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

LB 920 amends the Mechanical Amusement Device Tax Act.

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. On or after January 1, 2028, an operator shall not make a cash device available for play in a retail establishment unless such device is equipped with an age-verification mechanism capable of scanning and electronically authenticating a government-issued identification card, except when a cash device is located in a retail establishment that does not allow individuals under 21 years of age to enter.

The bill amends the tax upon the net operating revenue of cash devices from 5% to 15%.

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

- General Fund: 0.9% (a change from the current 2.5%)
- Charitable Gaming Operations Fund: 2.5% (a change from the current 20%)
- Compulsive Gamblers Assistance Fund: 2.5% (current percentage)
- Nebraska Tourism Commission Promotional Cash Fund: 3.4% (a change from the current 10%)
- Property Tax Credit Cash Fund: 13.35% (a change from the current 40%)
- Nebraska Child Care Aid Fund: 68.95% (newly created fund under the bill)
- Cities/Counties: 8.4% (a change from the current 25%)

The bill creates the Nebraska Child Care Aid Fund. The fund shall consist of funds received pursuant to section 77-3012, any money transferred by the Legislature, and any gifts, grants, or bequests from any source, including federal, state, public, and private sources. The fund shall be used for state child care subsidies within the State of Nebraska. Any money in the 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.

The bill is operative three months after the adjournment of the Legislature.

The Department of Revenue (DOR) estimates the following revenue impacts to the General Fund, State Cash Funds, and the cash device tax revenues credited to cities/counties as a result of the bill:

	FY27	FY28	FY29
General Fund	\$ 13,000	\$ 17,000	\$ 18,000
Charitable Gaming Operations Fund	\$ (784,000)	\$ (1,077,000)	\$ (1,109,000)
Compulsive Gamblers Assistance Fund	\$ 314,000	\$ 431,000	\$ 444,000
Nebraska Tourism Commission Promotional Cash Fund	\$ 13,000	\$ 17,000	\$ 18,000

Property Tax Credit Cash Fund	\$ 3,000	\$ 4,000	\$ 4,000
Nebraska Child Care Aid Fund	\$ 12,975,000	\$ 17,819,000	\$ 18,354,000
<b>State Total</b>	<b>\$ 12,534,000</b>	<b>\$ 17,211,000</b>	<b>\$ 17,729,000</b>
City/County	\$ 13,000	\$ 17,000	\$ 18,000
<b>Overall Total</b>	<b>\$ 12,547,000</b>	<b>\$ 17,228,000</b>	<b>\$ 17,747,000</b>

The DOR estimates minimal costs to it to implement the bill.

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

The Department of Health and Human Services (DHHS) notes that Federal Funds are generally prohibited from being placed in a state Cash Fund and that placing Federal Funds from the Child Care and Development Block grant into a state Cash Fund puts all funding associated with the block grant at risk. DHHS estimates it would absorb costs connected to the creation of the Cash Fund under the bill and administering any required funding transfers. DHHS also notes that if the intent of the bill is to create a child care subsidy program that is separate from the federally funded child care subsidy program, DHHS would require additional staff and have technology costs to create and administer a new program. DHHS finally notes that if this is a separate program that does not adhere to the requirements of the federal program, Federal Funds could not be used for the new program.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
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LB: 920	AM:	AGENCY/POLT. SUB: Department of Revenue
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REVIEWED BY: Ryan Yang	DATE: 1/27/2026	PHONE: (402) 471-4178
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COMMENTS: The Department of Revenue assessment of fiscal impact from LB 920 appears reasonable.
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ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
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LB: 920	AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)
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REVIEWED BY: Ryan Yang	DATE: 1/27/2026	PHONE: (402) 471-4178
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COMMENTS: The DHHS assessment of indeterminate fiscal impact from LB 920 appears reasonable.
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ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
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LB: 920	AM:	AGENCY/POLT. SUB: Nebraska Tourism Commission
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REVIEWED BY: Ryan Yang	DATE: 1/20/2026	PHONE: (402) 471-4178
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COMMENTS: No basis to disagree with the assessment of indeterminate fiscal impact from LB 920.
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ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
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LB: 920	AM:	AGENCY/POLT. SUB: Tax Equalization & Review Commission (TERC)
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REVIEWED BY: Ryan Yang	DATE: 1/13/2026	PHONE: (402) 471-4178
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COMMENTS: No basis to disagree with the TERC assessment of no fiscal impact from LB 920.
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## ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 1-26-2026

Phone: (5) 471-6719

## FY 2026-2027

## FY 2027-2028

	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW

Return by date specified 72 hours prior to public hearing, whichever is earlier.

## Explanation of Estimate:

LB920 creates the Nebraska Child Care Aid fund and would allocate sixty-eight and ninety-five hundredths' percent from the Mechanical Amusement Device Tax Act and money transferred by the legislature, including gifts, grants, or bequests from any source, including federal, state, public, and private sources. These funds are intended to be used for state child care subsidies.

Federal funds are generally prohibited from being placed in a state cash fund. Placing federal funds from the Child Care & Development Block grant into a state cash fund puts all funding associated with the block grant at risk.

There would be staff costs associated with the creation of the cash fund and administering any required funding transfers. The department will absorb these costs.

The department would need cash fund authority for any amount forecasted to be spent out of the newly created cash fund. The amount of cash authority needed is undeterminable at this time.

If the intent of this bill is to create a child care subsidy program that is separate from the federally funded child care subsidy program, the department would require additional staff and incur IS&T costs to create and administer this new program. Also, if this is a separate program that does not adhere to the requirements of the federal program, federal funds could not be used for the new program. The cost of creating and administering a new program is undeterminable at this time.

## MAJOR OBJECTS OF EXPENDITURE

## PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027	2027-2028
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			SEE ABOVE	SEE ABOVE

## State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: James R. Kamm

Date Prepared: 01/23/2026

Phone: 471-5896

	<b>FY 2026-2027</b>		<b>FY 2027-2028</b>		<b>FY 2028-2029</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$13,000		\$17,000		\$18,000
Cash Funds		\$12,521,000		\$17,194,000		\$17,711,000
Federal Funds						
Other Funds		\$13,000		\$17,000		\$18,000
Total Funds		\$12,547,000		\$17,228,000		\$17,747,000

LB 920 amends the Mechanical Amusement Device Tax Act and its requirements for cash devices. This bill 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.

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 devices. On and after January 1, 2028, devices are required to be equipped with age-verification equipment that scans and authenticates a government issued ID. This requirement is waived if the devices are located in a business that only admits people who are at least 21 years old.

LB 920 increases the net operating revenue tax from 5% to 15%. The current and LB 920 breakdown of tax collected is as follows:

	Current	LB 920
General Fund	2.5%	0.9%
Charitable Gaming Operations Fund	20.0%	2.5%
Compulsive Gamblers Assistance Fund	2.5%	2.5%
Nebraska Tourism Commission Promotion Cash Fund	10.0%	3.4%
Property Tax Credit Cash Fund	40.0%	13.35%
County	25.0%	8.4%
Nebraska Child Care Aid Fund	0.0%	68.95%

## Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>28-29 FTE</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>	<u>28-29 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>							

It is estimated that LB 920 will have the following fiscal impact:

Fiscal Year	General Fund revenues	Charitable Gaming Operations Fund	Compulsive Gamblers Assistance Fund	Nebraska Tourism Commission Promotional Cash Fund	Property Tax Credit Cash Fund	County	Nebraska Child Care Aid Fund
FY26-27	\$13,000	(\$784,000)	\$314,000	\$13,000	\$3,000	\$13,000	\$12,975,000
FY27-28	\$17,000	(\$1,077,000)	\$431,000	\$17,000	\$4,000	\$17,000	\$17,819,000
FY28-29	\$18,000	(\$1,109,000)	\$444,000	\$18,000	\$4,000	\$18,000	\$18,354,000

It is estimated that there will be no cost to the Nebraska Department of Revenue to implement LB 920.

This bill is operative three months after adjournment of the legislature.

State Agency OR Political Subdivision Name: <sup>(2)</sup> Tax Equalization & Review Commission

Prepared by: <sup>(3)</sup> Rob Hotz

Date Prepared: <sup>(4)</sup> January 9, 2026

Phone: <sup>(5)</sup> (402) 471-2842

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

Nebraska Tourism Commission

Prepared by: <sup>(3)</sup> Alisha Simonson

Date Prepared: <sup>(4)</sup> 01/15/2026

Phone: <sup>(5)</sup> 402-471-3796

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION				
	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

The tax imposed to be transferred to the Nebraska Tourism Commission on the cash devices under the Mechanical Amusement Device Tax Act would be reduced from 10% to 3.4%.

The revenue affected is unknown at this time with only one deposit being transferred into the Nebraska Tourism Commission’s fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
... Operating.....				
.... Travel.....				
. Capital outlay.....				
Aid.....				
. Capital improvements.....				
TOTAL.....				