

April 4, 2025

Dear Cash Device Licensee:

As you know, a new regulatory framework is developing for Cash Devices. The Division has observed significant growth in the number of cash devices, locations, distributors, and operators, necessitating robust oversight.

Legislative Bill 538 (2019) amended the Mechanical Amusement Device Tax Act (Neb. Rev. Stat. §§ 77-3001 through 77-3011, referred to as the "Act") to define and regulate cash devices. Legislative Bill 685 (2024) further refined this framework, mandating a Central Monitoring System (The "System").

The Act requires that the System be operational within one year of the effective date of LB 685. The Division has contracted with Intralot to develop the System, which will be operational by July 1, 2025. All cash devices operating in the state must be connected to the system which will require full cooperation of Distributors and Operators with Intralot.

This will include the installation of certain equipment by Distributors and Operators. Distributors and Operators must acquire this equipment from Intralot. All devices not properly connected to the System by July 1, 2025, will be required to be turned off.

The attached communication delineates the precise obligations of Distributors and Operators to ensure compliance. Strict compliance is required, and any failure to adhere to these obligations shall subject Distributors and Operators to enforcement actions, including but not limited to disablement of Cash Devices, monetary penalties, and revocation of authorization to operate Cash Devices, as permitted by law.

We recognize these are significant changes to the cash device program, but these changes are necessary to ensure compliance with the Act as well as the new taxing structure, and we appreciate your cooperation and close attention to this information.

For the Tax Commissioner



Brian Rockey
Director



Mandatory Compliance Obligations for Distributors and Operators Under the Centralized Monitoring and Reporting System for Cash Devices

Definitions

For purposes of this communication, all definitions under the Act apply, as well as the below items:

Depot means a centralized facility designated by Intralot for the receipt, storage, or return of Site Equipment.

Location means a physical site where one or more Cash Devices are installed and operated.

Site Controller means a device installed at a Location to facilitate real-time monitoring and reporting of Cash Device activity.

Site Equipment means equipment provided by Intralot for the operation of the Central Monitoring System, and it is limited to Site Controllers and modems.

RMA Process means the Return Merchandise Authorization process outlined in the Intralot retailer portal for returning faulty Site Equipment.

Obligations of Distributors and/or Operators

Responsible Entities: Pursuant to Neb. Rev. Stat. §§ 77-3001 and the Contract, Distributors and Operators shall be the entities responsible for fulfilling the obligations set forth in this Circular.

Allocation of Responsibility: To eliminate ambiguity, the following shall apply:

Operator Ownership: Where all Cash Devices at a Location are owned by the Operator, the Operator shall be solely responsible for all obligations herein.

Distributor Ownership: Where all Cash Devices at a Location are owned by a single Distributor, the Distributor shall be solely responsible for all obligations herein.

Multiple Distributor Ownership: Where Cash Devices at a Location are owned by multiple Distributors, the Operator shall be responsible unless a Distributor installed the first Site Controller at the Location, in which case that Distributor shall be responsible.

No Delegation: The responsible party may not delegate or assign these obligations without prior written approval from the Division and Intralot.

Financial Responsibilities

As stated above, the System requires that certain equipment be installed at locations to facilitate the connection of cash devices to the central system. This equipment must be obtained from Intralot at a cost to the distributor or operator. The fee is collected by Intralot, not the Division, and is not a tax.

Payment to Intralot:

Amount: The responsible Distributor or Operator shall remit to Intralot a fee equal to **1.50% (one and fifty hundredths percent)** of the Net Operating Revenue generated by all Cash Devices under their control.

Frequency and Period: Payments shall be calculated and remitted weekly, with each invoice period commencing on Sunday at 12:00 AM CST and ending on Saturday at 11:59 PM CST.

Payment Process: Intralot shall process payments via electronic funds transfer on Wednesday of each week following the invoice period. The Distributor or Operator shall provide Intralot with complete and accurate bank account information, including routing and account numbers, prior to the first payment sweep.

Documentation: Each Distributor or Operator shall maintain detailed records of Net Operating Revenue and provide such records to Intralot upon request for verification.

Failed Payments:

If a payment fails due to an act or omission of the Distributor or Operator, including but not limited to insufficient funds, incorrect bank information, or failure to authorize the transfer, the following enforcement actions shall take place in the following order:

Late Fee: A one-time fee of \$35 shall be assessed and added to the next invoice period's payment.

Disablement: If two payment sweeps fail in any given time period, Intralot shall disable all Cash Devices at all Locations associated with the responsible Distributor or Operator until the full outstanding amount, plus any accrued interest at the statutory rate under Nebraska law, is paid in full. For the avoidance of confusion, such payment sweep failures need not be consecutive nor pertain to the same payment period.

Re-Enablement: To re-enable disabled Locations, the Distributor or Operator must contact Intralot's CDM Finance Department at nebraskacashdevices@intralot.us and remit all outstanding amounts. Intralot shall re-enable Locations within 48 hours of receiving payment in its account, provided no further issues persist.

Initial Setup: Intralot shall not ship Site Equipment or initiate payment processing until the Distributor or Operator submits all required financial information via the following secure link: <https://send.intralot.us/filedrop/NebraskaSecureTransfer>

Equipment Responsibilities

Installation Activities:

The responsible Distributor or Operator shall perform all activities related to the installation of Site Equipment at each Location in strict accordance with guidelines provided by Intralot. Such activities include, but are not limited to:

Storage: Designating and maintaining a secure, climate-controlled storage area at their own expense to store Site Equipment prior to distribution.

Distribution: Transporting Site Equipment from the initial delivery location to each Location and ensuring its timely arrival.

Connection: Physically connecting Site Equipment to Cash Devices using cables supplied by the Distributor or Operator and ensuring connectivity to a reliable power supply.

Initial Rollout: For the initial deployment of the Central Monitoring System, Distributors and Operators shall submit a request form by May 2nd 2025 via the Intralot form at the following hyperlink Nebraska Cash Device Installation Form specifying all Locations requiring installation. Intralot shall provide a confirmed date and time for installation within 10 business days of receipt, and notify Distributors and Operators of the shipping details of Site Equipment.

New Installations: For new Locations, the Distributor or Operator shall submit a request form via the portal. Intralot shall schedule installation and ship Site Equipment within 5 business days of receipt.

Changes: For Changes of Ownership, Changes of Distributors, and Changes in Cash Devices, the Distributor or Operator shall submit a request form via the portal. Intralot shall provide a confirmed date and time for installation and ship Site Equipment within 5 business days of receipt and only after Division approval.

Onsite Support: Upon completing physical installation, the Distributor or Operator shall remain onsite and contact the Intralot Hotline 1-833-515-0580 to assist with remote configuration of the Site Controller. They shall remain available until Intralot confirms the Location is fully operational.

Field Service Activities:

The responsible Distributor or Operator shall perform all field service activities as directed by Intralot's guidelines, including:

New Locations: Installing Site Equipment at newly approved Locations.

Deinstallation: Removing Site Equipment from Locations that are no longer operational and returning it to the Depot.

Repairs/Replacements: Conducting onsite repairs or replacements of faulty Site Equipment, including Site Controllers and modems.

Support Visits: Performing any additional onsite visits required to maintain the Central Monitoring System's functionality.

Service Tickets: If service is required, Intralot shall issue a ticket and provide written notice to the Distributor or Operator via email or the portal. The Distributor or Operator shall complete the service within 72 hours of notice unless otherwise specified and notify Intralot upon completion. Intralot shall validate the service and close the ticket within 24 hours of notification.

Logistics:

The responsible Distributor or Operator shall manage all logistics for Site Equipment, including:

Collection: Retrieving Site Equipment from Locations upon deinstallation or replacement.

Return of Faulty Equipment: Returning faulty Site Equipment to the Depot at Intralot, Inc., 11360 Technology Circle, Duluth, GA, 30097 following the RMA process posted in the retailer portal <https://ne.reptweb.com>. Returns must include an RMA number and be shipped within **5 business days** of ticket issuance.

Warehousing: Maintaining an inventory of Site Equipment in their possession in a secure, organized facility, with records available for Division or Intralot inspection.

Distribution: Ensuring timely delivery of Site Equipment to Locations as needed.

Designated Shipping Location: Each Distributor or Operator shall provide Intralot with one designated shipping address for all Site Equipment deliveries.

Warranty and Costs:

Limited Warranty: Any warranties provided by Intralot to the Division under the Contract does not extend to Distributors and Operators and does not cover damage due to misuse, negligence, external factors (e.g., power surges), or unauthorized modifications.

Non-Warranted Costs: If Site Equipment is damaged beyond repair or lost due to the Distributor's or Operator's actions, they shall pay:

Site Controller Replacement/Repair: **\$980 (nine hundred eighty dollars)** per unit.

Modem Replacement/Repair: **\$150 (one hundred fifty dollars)** per unit.

Payment Terms: Such costs shall be invoiced in the next payment period and are subject to the failed payment sanctions in Section 2.2.

Consignment Stock:

Provision: Intralot shall provide a mutually agreed-upon quantity of consignment Site Equipment to each Distributor or Operator to support implementation and ongoing operations.

Replenishment: The Distributor or Operator shall monitor stock levels and notify Intralot via the portal when replenishment is needed, providing at least **10 business days'** notice. Intralot shall ship additional equipment within **5 business days** of approval.

Monitoring Responsibilities

Duty to Monitor: The responsible Distributor or Operator shall actively monitor all Cash Devices, Site Controllers, and communication equipment under their control to ensure continuous reporting to the Central Monitoring System.

Non-Reporting Locations: If a Location fails to report financial activity for more than **72 hours**, the Central Monitoring System shall automatically disable all Cash Devices at that Location.

Troubleshooting: The Distributor or Operator shall immediately contact the Intralot Call Center at [number to-be-provided] to troubleshoot the issue.

Re-Enablement: Upon resolving the issue, the Distributor or Operator shall request re-enablement via the Call Center. Intralot shall restore functionality within **24 hours** of confirmation, provided all financial obligations are met.

Compliance and Enforcement

Mandatory Compliance: Strict adherence to each obligation in this communication is expected. Distributors and Operators shall:

Fully cooperate with Intralot in all aspects of the Central Monitoring System.

Submit all required forms, payments, and notifications promptly and accurately.

Maintain detailed records of all activities, subject to audit.

Enforcement: Failure to comply may result in:

Disablement: Immediate disablement of Cash Devices at non-compliant Locations.

Penalties: Disciplinary action as authorized under the Act.

Revocation: Potential revocation of authorization to operate Cash Devices, subject to Division review.

Contact Information

Intralot Hotline: 1-833-515-0580 (available 24/7 for installation and troubleshooting).

Intralot CDM Finance: nebraskacashdevices@intralot.us (for payment and re-enablement issues).

Charitable Gaming Division: Nebraska Department of Revenue, Charitable Gaming Division, 402-471-5937, www.revenue.nebraska.gov/charitable-gaming.