

How Boundary Changes Affect a City Sales and Use Tax

Documentation Required: The city must send the Nebraska Department of Revenue (Department) the following when a boundary change occurs:

1. A certified copy of the ordinance identifying the change;
2. A certified map of the city clearly showing the area annexed or de-annexed;
3. A list of all retailers in the area annexed or de-annexed. This list must contain the retailers' names, and also provide both the location and mailing addresses; and
4. [Information](#) indicating the number of residents in the annexed or de-annexed area.

Effective Date: Under Nebraska law, a city sales and use tax can only start, terminate, or be changed on the first day of a calendar quarter; namely, January 1, April 1, July 1, or October 1. This applies to boundary changes as well. The annexed area is not subject to the city sales and use tax until the first day of the next calendar quarter that is after the latest of:

1. One hundred and twenty days following receipt of the four items listed above;
2. Sixty days after the Department provides notice to the retailers; or
3. The effective date of the ordinance.

Department Action: After receiving the required documents, the Department will send the city a written acknowledgment of receiving the required documents and confirm the effective date of the city sales and use tax for the annexed area. The Department will update its website with a reference to the annexation ordinance and the date that the city sales and use tax is effective in the annexed area. The Department will mail a letter to all retailers identified in the list provided by the city to notify them of the effective date of the city sales and use tax at their location.

City Action: Other than updating our website and providing the notifications described above, the Department does not send any direct notification to utility service providers, county officials (particularly the county treasurer), or the media, of the effective date of the city sales and use tax in an annexed area. Since the effective date of the city sales and use tax can only be on the first day of a calendar quarter, while the city services provided to the annexed area are usually effective within two weeks after the annexation ordinance is signed, it is important that any notification sent from the city clarifies the difference in these effective dates.

Please refer to the [Local Sales and Use Tax Regulations](#) for more information on city sales and use tax issues.

If you have questions, please contact Karen Barrett at 402-471-5980 or via email at karen.barrett@nebraska.gov.