

SECTION A — Nebraska and Local Sales and Use Taxes

Changes Since Prior Reports

The Nebraska Legislature passed LB 962 in the 2012 session, which requires the Nebraska Department of Revenue (Department) to group the sales tax expenditures by category as they are seen in this report. The legislation also requires the grouping of new exemptions, which are shown in a new category at the end of the report.

New to this report are the dates when each exemption was enacted. Some exemptions have been amended over the years, and these dates are also included.

BASIC PROVISIONS AND TAX BASE

Sales Tax¹

Nebraska sales tax is imposed upon the gross receipts from:

- all sales, leases, rentals, installation, application, and repair of tangible personal property;
- every person providing or installing utility services;
- retailers of intellectual or entertainment property;
- the sale of admissions, bundled transactions, or specified digital products;
- renting or furnishing accommodations or lodging for periods of less than 30 days; and
- the sale or providing of certain services.

The state sales tax rate is 5.5%.

Property is defined as all tangible and sales of (taxable) intangible property (including rights, licenses, franchises,) and any services that are subject to tax.

Use Tax¹

Use tax is a complement to the sales tax and is imposed upon the storage, use, distribution, or other consumption of all tangible personal property, and taxable sales of intangible property, services, bundled transactions, or specified digital products purchased at retail when the sales tax has not been paid.

Local Sales and Use Taxes

Any Nebraska county or incorporated municipality (city) may impose a local sales and use tax upon approval by a majority of their voters in a regular election. The local tax applies to the identical transactions subject to the state sales and use tax, with the exception of direct-to-home satellite programming, which is exempt from local, but not state sales taxes under federal law. Local sales taxes of 0.5%, 1.0%, 1.5%, 1.75%, and 2.0% may be approved by city or county voters. The tax is collected and remitted to the state and is then remitted to the cities and counties after deducting refunds plus a 3% administrative fee. The 3% fee from cities is deposited in the Municipal Equalization Fund; the 3% fee from counties is deposited in the State General Fund.

Sources are listed for most estimates provided in Section A. Generally, sources include Department sales tax records, data from other State of Nebraska agencies, federal government sources such as the U.S. Census Bureau, and nonprofit organizations and trade groups. Some estimates are based on confidential Department data for which a data source is not provided. In some cases, no reliable data exist from which to provide an estimate, which are listed as “not available.”

¹The taxes collected are deposited into two funds: the State General Fund; and the Highway Trust Fund. Deposits to the Highway Trust Fund are made from the sales and use taxes derived from registration of motor vehicles, trailers, and semi-trailers in Nebraska. The balance of taxes collected is deposited into the State General Fund.

EXEMPTIONS

Consumer Goods

1. Motor Vehicle/Motorboat Trade-ins

Statutory citation: [77-2701.35\(3\)\(d\)\(ii\)](#)

Enacted: 1967

Description: The value of a motor vehicle or motorboat taken by any person in trade as all or part of the consideration for a sale of another motor vehicle or motorboat.

Estimate: \$55,527,000

Data source: Nebraska Department of Motor Vehicles

2. Merchandise Trade-ins

Statutory citation: [77-2701.35\(3\)\(d\)\(i\)](#)

Enacted: 1967

Description: The value of trade-ins taken in connection with a sale of property.

Estimate: Not available

3. Certain Medical Equipment and Medicine

Statutory citation: [77-2704.09\(1\)](#)

Enacted: 1967

Description: Insulin and prescription drugs, durable medical equipment, home medical supplies, mobility-enhancing equipment, prosthetic devices, oxygen, and any oxygen equipment for a patient's use sold under a doctor's prescription.

Estimate: \$114,346,000

Data source: U.S. Department of Health and Human Services, Center for Medicare Services, Office of the Actuary

4. Newspapers

Statutory citation: [77-2704.07](#)

Enacted: 1967

Description: Newspapers issued at least once a week; newspaper advertising supplements distributed with newspapers.

Estimate: \$2,274,000

Data source: U.S. Census Bureau, Annual Services Survey

5. Laundromats

Statutory citation: [77-2704.14](#)

Enacted: 1967

Description: The use of coin-operated machines for laundering and cleaning, except the washing of motor vehicles.

Estimate: \$444,000

Data source: U.S. Census Bureau, 2007 Economic Census; Annual Services Survey

6. Tele-floral Deliveries

Regulation: [1-052.03](#)

Description: Amounts received by Nebraska florists who make deliveries in this state pursuant to instructions received from florists in other states.

Estimate: \$230,000

Data source: Nebraska Department of Revenue sales tax records

7. Motor Vehicle Discounts for the Disabled

Statutory citation: [77-2704.21](#)

Enacted: 1969

Description: The entire purchase price of a motor vehicle purchased when the maximum amount allowed by law is contributed by the U.S. Department of Veterans Affairs or the Nebraska Department of Health and Human Services for a disabled person. If the amount contributed is less than the maximum amount, the exemption is based on the portion of the purchase price contributed.

Estimate: \$10,000

Data source: U.S. Department of Veteran Affairs

8. Political Campaign Fundraisers

Statutory citation: [77-2704.10\(4\)](#)

Enacted: 1993

Description: Fees for admissions, or prepared food charged by ballot question committees, candidate committees, independent committees, and political party committees as defined in the Nebraska Political Accountability and Disclosure Act.

Estimate: Minimal

Food

9. Food or Food Ingredients (including but not limited to, food for home consumption)

Statutory citation: [77-2704.24](#)

Enacted: 1983

Description: Food or food ingredients, except for prepared food and food sold through vending machines. (Estimate excludes Supplemental Nutrition Assistance Program purchases.)

Estimate: \$127,812,000

Data source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Report

10. Supplemental Nutrition Assistance Program - SNAP (formerly "food stamps")

Statutory citation: [77-2704.54](#)

Enacted: 1983

Description: Food or food ingredients which are purchased by electronic benefits transfer or with food coupons.

Estimate: \$14,106,000

Data source: U.S. Department of Agriculture, Food and Nutrition Service, Supplemental Nutrition Assistance Program

Note: State taxation prohibited by federal law.

11. School Lunches

Statutory citation: [77-2704.10\(1\)](#)

Enacted: 1967

Description: Prepared food, including soft drinks and candy, served by public or private schools, school districts, student organizations, or parent-teacher associations pursuant to an agreement with the proper school authorities, in an elementary or secondary school or at any institution of higher education, public or private, during the regular school day, or at an approved function of any such school or institution. However, this exemption does not apply to sales at any facility or function which is open to the general public, except that concession sales by elementary and secondary schools, public or private, are exempt.

Estimate: \$3,541,000

Data source: Nebraska Department of Education Annual Financial Report

12. Meals Sold by Hospitals

Statutory citation: [77-2704.10\(3\)](#)

Enacted: 1967

Description: Prepared food, including soft drinks and candy, for human consumption when served to patients and inmates of hospitals and other institutions licensed by the State of Nebraska for care of human beings.

Estimate: \$819,000

Data source: U.S. Census Bureau Economic Census of 2007

13. Meals Sold by Institutions at a Flat Rate

Regulation: [1-083.04](#), [1-083.05](#)

Description: Meals furnished at fraternities, sororities, cooperative student societies, and summer camps which charge a single amount to attend.

Estimate: \$1,172,000

Data source: U.S. Census Bureau Economic Census of 2007

14. Food for Elderly, Handicapped, and Supplemental Security Income Recipients

Statutory citation: [77-2704.10\(5\)](#)

Enacted: 2003

Description: Prepared food sold to the elderly, handicapped, or recipients of Supplemental Security Income by an organization that accepts electronic benefits transfer or food coupons under regulations issued by the U.S. Department of Agriculture, although it is not necessary for the purchaser to use electronic benefits transfer or food coupons to pay for the meal.

Estimate: \$40,000

Data source: National Center for Charitable Statistics

15. Prepared Food Sold by Churches

Statutory citation: [77-2704.10\(2\)](#)

Enacted: 1967

Description: Prepared food, including soft drinks and candy, for human consumption when sold by a church at a church function.

Estimate: Not available

Telecommunications

16. Telecommunications Access Charges

Statutory citation: [77-2704.51](#)

Enacted: 1989

Description: Gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in Nebraska of telecommunication services between telecommunications companies, including division of revenue, settlements, or access charges.

Estimate: \$2,004,000

Data source: Federal Communications Commission ARMIS Report 43-01

17. Prepaid Calling Arrangements

Statutory citation: [77-2704.52](#)

Enacted: 1989

Description: Telephone services using a prepaid telephone calling arrangement.

Estimate: \$838,000

Data source: Federal Communications Commission

18. Conference Bridging Services

Statutory citation: [77-2701.16\(2\)\(a\)\(i\)](#)

Enacted: 2009

Description: Sales of conference bridging services associated with the provision of telephone communications services.

Estimate: \$1,080,000

Data source: U.S. Census Bureau Economic Census of 2007

19. Nonvoice Data Services

Statutory citation: [77-2701.16\(2\)\(a\)\(i\)](#)

Enacted: 2009

Description: Sales of value-added, nonvoice data service associated with the provision of telephone communications services.

Estimate: Not available

Agriculture

20. Agricultural Machinery

Statutory citation: [77-2704.36](#)

Enacted: 1992

Description: Agricultural machinery and equipment for use in commercial agriculture.

Estimate: \$60,090,000

Data source: U.S. Census Bureau Economic Census of 2007

21. Agricultural Chemicals

Statutory citation: [77-2704.41](#) and [77-2704.46\(3\)](#)

Enacted: 1967

Description: Agricultural chemicals, adjuvants, surfactants, bonding agents, clays, oils, and any other additives or compatibility agents used in commercial agriculture, including applications to land, crops, or any form of animal life whose products ordinarily constitute food for human consumption or whose pelts are ordinarily used for human apparel.

Estimate: \$77,617,000

Data source: U.S. Department of Agriculture, 2007 Agricultural Census

UPDATED 22. Seeds Sold to Commercial Producers and for Agricultural Purposes

Statutory citation: [77-2704.46\(2\)](#)

Enacted: 1967

Description: Seeds and annual plants, the products of which are food for human consumption, when sold to commercial producers of the products of such seeds, and seed legumes, seed grasses, and seed grains when sold to be used exclusively for agricultural purposes.

Estimate: \$37,724,000

Data source: U.S. Department of Agriculture, 2007 Agricultural Census

Note: [Neb. Rev. Stat. § 77-382\(2\)\(a\)](#) requires a separate listing for “seeds sold to commercial producers.” This exemption also applies to seeds sold and used exclusively for agricultural purposes. With the data sources used, it is not possible for the Department to break out commercial and agricultural uses for purposes of this exemption.

23. Water for Irrigation and Manufacturing

Statutory citation: [77-2704.13\(3\)](#)

Enacted: 1967

Description: Water used for irrigation of agricultural lands and manufacturing purposes.

Estimate: \$739,000

Data source: U.S. Geological Survey, Total Water Use Report; U.S. Department of Agriculture, 2007 Agriculture Census

24. Commercial Artificial Insemination

Statutory citation: [77-2704.23](#)

Enacted: 1971

Description: Semen and insemination services for use in ranching, farming, commercial, or industrial uses.

Estimate: \$522,000

Data source: National Association of Animal Breeders; U.S. Department of Agriculture, National Agricultural Statistics Service

25. Mineral Oil as Dust Suppressant

Statutory citation: [77-2704.60](#)

Enacted: 2009

Description: Mineral oil to be applied to grain as a dust suppressant.

Estimate: \$206,000

Data source: U.S. Department of Agriculture

26. Animal Grooming

Statutory citation: [77-2701.16\(3\)\(g\)](#)

Enacted: 2009

Description: Animal grooming services performed by a licensed veterinarian or licensed veterinary technician in conjunction with the medical treatment of an animal.

Estimate: \$52,000

Data source: U.S. Census Bureau Product Lines Data

27. Oxygen For Use in Aquaculture

Statutory citation: [77-2704.46\(4\)](#)

Enacted: 1993

Estimate: Not available

28. Animal Life Whose Products Constitute Food for Human Consumption or for Human Apparel

Statutory citation: [77-2704.46\(1\)](#)

Enacted: 1967

Description: Any form of animal life whose products ordinarily constitute food for human consumption or whose pelts are ordinarily used for human apparel.

Estimate: \$630,489,000

Data source: U.S. Department of Agriculture, Agricultural Census of 2007

Note: [Neb. Rev. Stat. § 77-382\(2\)\(a\)](#) requires a separate listing for “animal life whose products constitute food for human consumption.” This exemption also includes an exemption for animal life whose pelts are used for human apparel. With the data sources used, the Department cannot separate these two exemptions for purposes of this report.

29. Grains (including animal feed) for Animal Life that Constitute Food for Human Consumption or for Human Apparel

Statutory citation: [77-2704.41](#)

Enacted: 1967

Description: Grains for consumption by any form of animal life whose products ordinarily constitute food for human consumption or whose pelts are ordinarily used for human apparel. This category also includes minerals, salts, proteins, fats, fibers, vitamins, and grit commonly used as feed or feed supplements.

Estimate: \$167,043,000

Data source: U.S. Department of Agriculture, Agricultural Census of 2007

Note: [Neb. Rev. Stat. § 77-382\(2\)\(a\)](#) requires a separate listing for “grains.” This exemption also includes feed, other than grain, for consumption by animal life whose products constitute food for human consumption, including minerals, salts, proteins, fats, fibers, vitamins, and grit commonly used as feed or feed supplements. With the data sources used, the Department cannot separate these two exemptions for purposes of this report.

Seed grain is included in #22 above.

30. Water and Veterinary Medicines for Animal Life that Constitute Food for Human Consumption or for Human Apparel

Statutory citation: [77-2704.41](#)

Enacted: 1996

Description: Water and veterinary medicines for consumption by, to be used on, or which are otherwise used in caring for any form of animal life of a kind the products of which ordinarily constitute food for human consumption or of a kind the pelts of which ordinarily are used for human apparel.

Estimate: \$299,782,000

Data source: U.S. Geological Survey, Total Water Use Report; U.S. Department of Agriculture, National Agricultural Statistics Service

See 69. Energy Used in Agriculture in the Energy Section

Common Carrier/Logistics

31. Railroad Rolling Stock; Repair Parts and Services

Statutory citation: [77-2704.27](#)

Enacted: 1967 (Repair Parts and Services); 1980 (Rolling Stock)

Description: The purchase, rental, or lease, whether purchased by a railroad or by another person; repair and replacement parts; associated repair labor charges.

Estimate: \$18,337,000 (does not include services)

Data source: U.S. Census Bureau, Capital Expenditure Report

32. Common or Contract Carriers; Repair Parts and Services

Statutory citation: [77-2704.50](#), [77-2704.30\(1\)](#)

Enacted: 1967

Description: The purchase, rental, or lease of motor vehicles, watercraft, or aircraft used as a common or contract carrier; repair and replacement parts; and any associated labor charges.

Estimate: \$8,863,000

Data source: U.S. Census Bureau, Capital Expenditure Report

33. Common or Contract Carrier Accessories

Regulation: [1-069.03C](#)

Description: Accessories purchased for use with a common or contract carrier vehicle, watercraft, or aircraft which could have been included in the list price at the time of purchase.

Estimate: Not available.

34. Common or Contract Carrier Safety Equipment

Regulation: [1-069.03E](#)

Description: Equipment required by a federal or state regulatory agency to be included on a common or contract carrier vehicle, watercraft, or aircraft operating in or through the State of Nebraska for the health or safety of passengers or cargo.

Estimate: Not available

General Business

35. Component/Ingredient Parts

Statutory citation: [77-2704.45\(1\)](#)

Enacted: 1967

Description: Property that becomes an ingredient or component part of property which is manufactured, processed, or fabricated for ultimate sale at retail.

Estimate: \$1,265,250,000

Data source: Nebraska Department of Revenue input-output model

36. Manufacturing Machinery

Statutory citation: [77-2704.22\(1\)](#), [77-2704.22\(2\)](#)

Enacted: Machinery installed in newly-constructed or expanded facilities was exempted in 1981. In 1985, this was amended to a sales tax refund on manufacturing machinery used to produce products not previously produced by the manufacturer. All manufacturing machinery and equipment was exempted from sales tax in 2005.

Description: The sale, lease, rental, storage, use, or other consumption in Nebraska by a manufacturer of qualified manufacturing machinery and equipment.

Estimate: \$69,837,000

Data source: U.S. Department of Commerce, Bureau of Economic Analysis

Note: This figure includes installation, repair, and maintenance services performed on qualified manufacturing machinery and equipment.

37. Containers

Statutory citation: [77-2704.47\(1\)](#)

Enacted: 1967

Description: Nonreturnable containers sold to persons who place contents in the container and sell the contents with the container.

Estimate: \$17,386,000*

Data source: U.S. Census Bureau Economic Census of 2007

***Note:** The figure above includes containers which hold contents that are not subject to sales or use tax ([77-2704.47\[2\]](#)) and returnable containers when sold with the contents or resold for refilling ([77-2704.47\[3\]](#)).

38. Film Rentals

Statutory citation: [77-2704.53](#)

Enacted: 1983

Description: Gross income received from videotape, film rentals, and satellite programming when tax is charged on the admission or service.

Estimate: \$149,000

Data source: U.S. Census Bureau Economic Census of 2007

39. Molds and Dies

Statutory citation: [77-2704.40](#)

Enacted: 1995

Description: Sales of molds, dies, and patterns which are used to manufacture a single product that is either injection-molded from plastic or stamped from metal.

Estimate: \$3,980,000

Data source: U.S. Census Bureau, Annual Survey of Manufacturers

40. Syndicated Programming

Statutory citation: [77-2704.39](#)

Enacted: 1994

Description: Sales of syndicated programming for rebroadcast by a radio or television station.

Estimate: \$40,000

Data source: U.S. Census Bureau Economic Census of 2007

41. Inter-company Sales

Statutory citation: [77-2701.24\(1\)](#), [77-2704.48](#)

Enacted: 1967; amended to current definition in 1974

Description: An inter-company sale, but not a lease or rental of property to a parent or vice versa, from one subsidiary to another subsidiary having the same parent, or between brother-sister companies.

Estimate: Not available

42. Inter-company Leases

Statutory citation: [77-2704.28](#)

Enacted: 1967

Description: An inter-company lease from a subsidiary to the parent company or vice versa, from one subsidiary to another subsidiary of the same parent company, or between brother-sister companies if the seller or transferor directly or indirectly has previously paid a sales or use tax on the leased property.

Estimate: Not available

43. Sale of a Business or Farm Machinery

Statutory citation: [77-2701.24\(3\)](#), [77-2704.48](#)

Enacted: 1967

Description: The sale of a business or farm machinery and equipment if each of the conditions in this subsection are met.

Estimate: Not available

44. Transfer of Property in Change of Business Ownership

Statutory citation: [77-2701.24\(5\)](#), [77-2704.48](#)

Enacted: 1967

Description: Sale of property that is made in connection with the sale to a single buyer of all or substantially all of the property of a trade or business if the seller has previously paid a sales or use tax on the property sold.

Estimate: Not available

See 23. Water for Irrigation and Manufacturing in the Agriculture section.

Business Across State Lines

45. Property Shipped Out-of-State

Statutory citation: [77-2704.11](#)

Enacted: 1967

Description: Property shipped outside Nebraska pursuant to a sales contract calling for out-of-state delivery by the retailer, or delivery by the retailer to a carrier, to the post office, or to a forwarding agent for its shipment out-of-state, to be installed/used in another state.

Estimate: Not available

46. Fabrication Labor for Items to be Shipped Out-of-State

Statutory citation: [77-2704.11](#)

Enacted: 1987

Description: The amount charged for the fabrication (production labor) of property owned and furnished by an in-state or out-of-state customer which is fabricated in Nebraska and then shipped by the Nebraska retailer performing the fabrication to a point outside Nebraska. This statute also exempts installation and application labor, and any other services.

Estimate: Not available

47. Property to be Transported Out-of-State

Statutory citation: [77-2704.44\(1\)](#)

Enacted: 1967

Description: Property purchased from a non-nexus seller and retained solely for transporting out-of-state or to be incorporated into other property which will then be transported out-of-state.

Estimate: Not available

48. Property Purchased in Other States to be Used in Nebraska

Statutory citation: [77-2704.44\(2\)](#)

Enacted: 1987

Description: Property purchased in another state, territory, or possession of the United States, the Commonwealth of Puerto Rico, or any foreign country which is intended to be used at that location, and which is actually used for its intended purpose (motor vehicles or motorboats registered in another state, commonwealth, territory, possession or country); and this property is brought into the State of Nebraska for use.

Estimate: Not available

49. Aircraft Delivery to Out-of-State Resident or Business

Statutory citation: [77-2704.26](#)

Enacted: 1990

Description: An aircraft delivered or any service listed in [77-2701.16\(4\)](#) that is performed on an aircraft brought into Nebraska by an individual who is a resident of another state or any other person who has a business in another state when the aircraft is not to be registered or based in Nebraska and it will not remain in Nebraska more than ten days after the sale or service is completed.

Estimate: Not available

50. State Reciprocal Agreements for Industrial Machinery

Statutory citation: [77-2704.43](#)

Enacted: 1967

Description: Industrial machinery and equipment, including parts for repairs, by another state or political subdivision of another state if the other state provides a similar reciprocal exemption.

Estimate: Not available

51. Property Taxed in Another State

Statutory citation: [77-2704.49](#), [77-2704.31](#)

Enacted: 1967

Description: Property which has been taxed in another state, territory, or possession of the U.S., when a reciprocal exclusion or an exemption similar to transactions in Nebraska is granted.

Estimate: Not available

Nonprofits/Governments/Exempt

52. Purchases by Political Subdivisions of the State

Statutory citation: [77-2704.15\(1\)](#)

Enacted: 1967

Description: Purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, any Nebraska county, township, city, village, rural or suburban fire protection district, city airport authority, county airport authority, joint airport authority, drainage district organized under §§ [31-401 to 31-450](#), natural resource district, elected county fair board, housing agency as defined in § [71-1575](#) except for purchases for any commercial operation that does not exclusively benefit the residents of an affordable housing project, cemetery created under § [12-101](#), or joint entity or agency formed to fulfill the purposes described in the Integrated Solid Waste Management Act by any combination of two or more counties, townships, cities, or villages pursuant to the Interlocal Cooperation Act, the Integrated Solid Waste Management Act, or the Joint Public Agency Act, except for purchases for use in the business of furnishing gas, water, electricity, or heat, or by any irrigation or reclamation district, the irrigation division of any public power and irrigation district, or public schools established under Chapter 79.

Estimate: \$315,477,000

Data source: U.S. Census Bureau, State and Local Government Finances

53. Purchases by Churches and Nonprofit Colleges and Medical Facilities

Statutory citation: [77-2704.12\(1\)](#)

Enacted: 1967

Description: Purchases made by-

Nonprofit organizations created exclusively for religious purposes;

Nonprofit organizations providing services exclusively to the blind;

Nonprofit Nebraska-licensed private educational institution established under §§ [79-1601 to 79-1607](#);

Nonprofit Nebraska-licensed private college or university with its primary campus located in Nebraska;

Nonprofit Nebraska-licensed hospitals;

Nonprofit Nebraska-licensed health clinics when two or more hospitals or the parent corporations of the hospitals own or control the health clinic for the purpose of reducing the cost of health services, or when the health clinic receives federal funds through the United States Public Health Service for the populations that are medically under-served;

Nonprofit Nebraska-licensed skilled nursing facilities;

Nonprofit Nebraska-licensed intermediate care facilities;

Nonprofit Nebraska-licensed assisted-living facilities;

Nonprofit Nebraska-licensed intermediate care facilities for the mentally retarded;

Nonprofit Nebraska-licensed nursing facilities;

Nonprofit Nebraska-licensed home health agency, hospice or hospice service, and respite care service;

Nonprofit Nebraska-licensed child-caring agencies or child placement agencies; and

Nonprofit organizations certified by the Department of Health and Human Services (HHS) to provide community-based services for persons with developmental disabilities.

Estimate: \$163,793,000

Data source: National Center for Charitable Statistics

54. Purchasing Agents for Public Real Estate Construction Improvements

Statutory citation: [77-2704.15\(2\)](#)

Enacted: 1980

Description: The appointment of purchasing agents will be recognized for the purpose of altering the status of the construction contractor as the ultimate consumer of building materials which are annexed to the structure and belong to the state or governmental subdivision. The appointment of purchasing agents must be in writing and occur prior to the annexing of any property to real estate.

Note: Estimate is included in Exemption #52, [77-2704.15\(1\)](#) above.

55. Contractor as Purchasing Agent for Public Agencies

Statutory citation: [77-2704.12\(3\)](#)

Enacted: 1980

Description: A construction contractor may be appointed as purchasing agent for these entities and make tax exempt purchases of building materials that will be annexed to real property.

Estimate: \$34,763,000

Data source: U.S. Census Bureau, State and Local Government Finances

56. Nebraska Lottery

Statutory citation: [77-2704.38](#)

Enacted: 1993

Description: Nebraska Lottery tickets sold pursuant to the State Lottery Act.

Estimate: \$15,539,000

Data source: Nebraska Department of Revenue, Charitable Gaming Division

57. Admissions to School Events

Statutory citation: [77-2704.10\(6\)](#)

Enacted: 1967

Description: Fees charged by a school district, student organization, or parent-teacher association for functions at elementary or secondary schools, public or private.

Estimate: \$338,000

Data source: Nebraska High School Activities Association, Lincoln Public Schools Annual Budget, National Center for Education Statistics

58. Sales on Native American Indian Reservations

Regulation: [1-012.02C\(22\)](#)

Description: Property sold to a Native American Indian living on an Indian Reservation or to a Native American Tribal Council when it is within the boundaries of an Indian Reservation.

Estimate: \$616,000

Data source: Nebraska Department of Revenue sales tax records

59. School-supporting Fundraisers

Statutory citation: [77-2704.25](#)

Enacted: 1986

Description: Property sold by parent-booster clubs, parent-teacher associations, parent-teacher-student associations, or school-operated stores approved by an elementary or secondary school, public or private, if the proceeds are used to support school activities or the school itself.

Estimate: \$285,000

Data source: National Center for Charitable Statistics

60. Fine Art Purchases by a Museum

Statutory citation: [77-2704.56](#)

Enacted: 2006

Description: Sales and use tax is not imposed on purchases of fine art by a museum as defined by [§ 51-702](#).

Estimate: \$442,000

Data source: National Center for Charitable Statistics

61. Purchases by the Nebraska State Fair Board

Statutory citation: [77-2704.16](#)

Enacted: 1992

Estimate: \$67,000

Data source: Nebraska State Fair Board

62. Purchases by the Nebraska Investment Finance Authority, and Licensees of the State Racing Commission

Statutory citation: [77-2704.17](#), [77-2704.20](#)

Enacted: 1992

Estimate: Minimal

63. Purchases by U.S. Government

Statutory citation: [77-2704.02](#)

Enacted: 1967

Description: Purchases by the U.S. Government, its agencies, and wholly-owned corporations.

Note: State taxation prohibited by federal law.

64. Public Records

Statutory citation: [77-2704.42](#)

Enacted: 2002

Description: Copies of public records, except those documents developed, produced, or acquired and made available for commercial sale to the general public.

Estimate: Not available

65. Sales by Religious Organizations

Statutory citation: [77-2701.24\(4\)](#), [77-2704.48](#)

Enacted: 1967

Description: An annual sale of property by an organization created exclusively for religious purposes.

Estimate: \$27,000

Data source: National Center for Charitable Statistics

Lodging/Shelter

66. Room Rentals by Certain Institutions

Statutory citation: [77-2701.33\(2\)](#)

Enacted: 1967

Description: Room rentals made by certain facilities licensed under the Health Care Facility Licensure Act, college dormitories, and other facilities licensed by the State of Nebraska.

Estimate: \$63,966,000

Data source: U.S. Census Bureau, 2007 Economic Census; University of Nebraska on-campus enrollment and boarding rates; National Center for Health Statistics

Note: Above figure includes lodging over 30 days.

Energy

67. Motor Fuels

Statutory citation: [77-2704.05](#)

Enacted: 1967

Description: Motor vehicle fuels such as gasoline, including casing head or natural gasoline, and any other liquids or gases for use in motor vehicles or motorboats; diesel and compressed fuels delivered into the fuel supply tanks of other vehicles; and railroad use.

Estimate: \$248,042,000

Data source: Nebraska Department of Revenue, Motor Fuels Section

68. Energy Used in Industry

Statutory citation: [77-2704.13\(2\)](#)

Enacted: 1967; amended in 1985 to include more than 50% of purchased energy for certain industries.

Description: Sales and purchases of the energy sources in § [77-2704.13\(1\)](#) when more than 50% of the amount purchased is for use directly in processing, manufacturing, generation of electricity, refining of property, or by any hospital.

Estimate: \$124,235,000

Data source: U.S. Department of Energy, Energy Information Administration

69. Energy Used in Agriculture

Statutory citation: [77-2704.13\(1\)](#)

Enacted: 1967; amended in 1985 to include more than 50% of purchased energy used directly in irrigation or farming; wood and corn as fuel sources added in 2009.

Description: Sales and purchases of electricity, coal, gas, fuel oil, diesel fuel, tractor fuel, propane, gasoline, coke, nuclear fuel, butane, wood as fuel, and corn as fuel when more than 50% of the amount purchased for use directly in irrigation or farming.

Estimate: \$82,805,000

Data source: U.S. Department of Agriculture, 2007 Agricultural Census

70. Aviation Fuel

Statutory citation: [77-2704.03](#)

Enacted: 1967

Description: Fuel for use in aircraft, specifically aviation gasoline and jet fuel.

Estimate: \$8,216,000

Data source: Nebraska Department of Revenue, Motor Fuels Section

71. Minerals, Oil, and Gas Severed from Real Property

Statutory citation: [77-2704.04](#)

Enacted: 1967

Estimate: \$10,654,000

Data source: Nebraska Department of Revenue, Form 61 returns

Miscellaneous

72. Cash Discounts/Coupons

Statutory citation: [77-2701.35\(3\)\(a\)](#)

Enacted: 1967

Description: Cash discounts allowed and taken on sales not reimbursed by a third party, including coupons issued and redeemed by the retailer.

Estimate: Not available

73. Separately-stated Finance Charges

Statutory citation: [77-2701.35\(3\)\(b\)](#)

Enacted: 1967

Description: Separately-stated finance, carrying, service, or interest charges in connection with credit extended under a deferred payment plan.

Estimate: Not available

74. Casual Sales

Statutory citation: [77-2701.24\(2\)](#), [77-2704.48](#)

Enacted: 1967; amended to include household goods in 1974, and occasional online sales in 2009.

Description: Garage sales and sales made by individuals on an online auction site of household goods and personal belongings. The sale cannot be held more than three days in a year and the sales must meet additional criteria contained in these sections.

Estimate: Not available

75. Lease-to-Purchase Agreements

Statutory citation: [77-2704.08](#)

Enacted: 1967

Description: Leased property sold to a lessee of the property under a rental agreement (lease-purchase agreement) where the rental payments are credited against the purchase price of the property to the extent tax was collected on the payments.

Estimate: Not available

76. Separately-stated Taxes

Statutory citation: [77-2701.35\(3\)\(c\)](#)

Enacted: 2003

Description: Any taxes legally-imposed on the consumer that are separately-stated on the invoice, bill of sale, or other similar document given to the purchaser.

Note: An example of this type of tax is the federal luxury or the Universal Service Fund surcharge.

Estimate: Minimal

Recent Sales Tax Exemptions

77. Admission to Statewide Sports Events

Statutory citation: [77-2704.10\(7\)](#) and [\(8\)](#)

Enacted: 2012

Description: Fees and admissions charged to participants by nonprofit IRC § 501(c)(3) organizations that conduct statewide sports events with multiple sports for both adults and youth.

Estimate: \$20,000

Data source: Fiscal note

78. Admission Charged by Organizations Dedicated to Youth Development and Healthy Living

Statutory citation: [77-2704.10\(8\)](#)

Enacted: 2012

Description: Fees and admissions charged to participants by nonprofit IRC § 501(c)(3) organizations that are affiliated with a national organization that is primarily dedicated to youth development and healthy living and offers sports instruction or sports events in multiple sports.

Estimate: \$50,000

Data source: Fiscal note

79. Entry Fees for Youth Sports Events

Statutory citation: [77-2704.63](#)

Enacted: 2012

Description: Entry fees or other amounts charged by political subdivisions or IRC § 501(c)(3) organizations to participate in sports events, sports leagues, or competitive educational activities that are restricted to participants who are less than 19 years old.

Estimate: Included in #78

Data source: Fiscal note

80. Biochips

Statutory citation: [77-2704.61](#)

Enacted: 2012

Description: Solid substrates upon or into which is incorporated genetic or protein information when used for the purpose of genotyping or analyzing gene expression, protein expression, genomic sequencing, or protein profiling.

Estimate: \$362,000

Data source: Fiscal note

81. Data Centers

Statutory citation: [77-2704.62](#)

Enacted: 2012

Description: Tangible personal property, acquired by a person operating a data center, to be assembled, engineered, processed, fabricated, manufactured into, attached to, or incorporated into other tangible personal property for subsequent use outside of Nebraska.

Estimate: \$1,674,000

Data source: Nebraska Department of Revenue sales and use tax records

82. Nonprofit Nebraska-licensed Mental Health Centers

Regulation: [1-090](#)

Description: Purchases by nonprofit mental health centers licensed under the Health Care Facility Licensure Act are exempt only on purchases for use at the licensed facility.

Estimate: \$426,000

Data source: Fiscal note

83. Nonprofit Nebraska-licensed Health Clinics

Regulation: [1-090](#)

Description: If one or more hospitals or the parent corporations of the hospitals own or control the health clinic for the purpose of reducing the cost of health services, or when the health clinic receives federal funds through the U.S. Public Health Service.

Estimate: \$2,290,000

Data source: Fiscal note

84. Nonprofit Corporations Formed by Exempt Government Entities

Regulation: [1-093](#)

Description: These corporations must be essentially public in nature and formed for the sole purpose of issuing tax exempt bonds on behalf of the exempt governmental entities to finance one or more projects of the exempt governmental entities.

Estimate: \$5,125,000

Data source: Fiscal note

RECOMMENDATIONS

The Nebraska Department of Revenue has no recommendations.