State of Nebraska

2022
Tax Expenditure Report

Prepared by
Nebraska Department of Revenue
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Lincoln, Nebraska

NEBRASKA
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DEPARTMENT OF REVENUE

October 14, 2022

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Prepared by
Nebraska Department of Revenue
Research and Policy Sections,

with the assistance of
the Motor Fuels, Property Assessment,
and Charitable Gaming Divisions,

and the cooperation of
the Nebraska Secretary of State,
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and the Nebraska Department of Motor Vehicles.

Introduction

This 2022 Tax Expenditure Report and Summary is published by the Nebraska Department of Revenue (DOR), pursuant to the Tax Expenditure Reporting Act, Neb. Rev. Stat. §§ 77-379 through 77-385. This report provides a review of tax and fee (tax) expenditures, which is required in even numbered years to enable the Legislature to better determine those sectors of the economy that are receiving indirect subsidies as a result of tax expenditures.

A "tax expenditure" is defined as a revenue reduction that occurs in the tax base of the state or a political subdivision as a result of an exemption, deduction, exclusion, tax deferral, credit, or preferential rate introduced into the tax structure. See Neb. Rev. Stat. § 77-381(1). The tax expenditures included in this report are those in effect on July 1, 2022. All tax programs that generate state or local revenue annually in excess of $2 million are included in the report.

This report is submitted to the Governor, the Executive Board of the Legislative Council, and the chairpersons of the Legislature's Revenue and Appropriations Committees. This report is also available on the DOR website at **revenue.nebraska.gov**, under Tax Research.

A sincere thank you is extended to the following state agencies for the cooperation and contribution to this report: the Secretary of State; the Liquor Control Commission; the Department of Insurance; and the Department of Motor Vehicles.

Questions and comments regarding the format, content, and usefulness of the information provided in this report may be directed to Michael J. Walsh, Tax Policy Manager, at mike.walsh@nebraska.gov or 402-471-5920. The DOR appreciates input and feedback from the public on this report.

Tony Fulton
Tax Commissioner

October 14, 2022

Nebraska Tax Expenditure Reporting Requirements

Neb. Rev. Stat. § 77-379 provides:

Sections 77-379 to 77-385 shall be known and may be cited as the Tax Expenditure Reporting Act.

Neb. Rev. Stat. § 77-380 provides:

It is the intent of sections 77-202.03 and 77-380 to 77-385 to provide a mechanism which will enable the Legislature to better determine those sectors of the economy which are receiving indirect subsidies as a result of tax expenditures. The Legislature recognizes that the present budgeting system fails to accurately and totally reflect the revenue lost due to such tax expenditures and that as a result undetermined amounts of potential revenue are escaping public or legislative scrutiny. The loss of such potential revenue causes a narrowing of the tax base which in turn forces higher tax rates on the remaining tax base.

Neb. Rev. Stat. § 77-381 provides:

For purposes of the Tax Expenditure Reporting Act, unless the context otherwise requires:

(1) Tax expenditure shall mean a revenue reduction that occurs in the tax base of the state or a political subdivision as the result of an exemption, deduction, exclusion, tax deferral, credit, or preferential rate introduced into the tax structure;

(2) Department shall mean the Department of Revenue;

(3) Income tax shall mean the tax imposed upon individuals and corporations under the Nebraska Revenue Act of 1967;

(4) Sales tax shall mean the tax imposed upon expenditures under the Nebraska Revenue Act of 1967;

(5) Property tax shall mean the tax imposed upon real and personal property under Chapter 77; and

(6) Miscellaneous tax shall mean revenue sources other than income, sales, and property taxes for state and local government including, but not limited to, motor fuel taxes, liquor taxes, cigarette taxes, inheritance and estate taxes, generation-skipping transfer taxes, insurance premium taxes, and occupation taxes and fees or other taxes which generate state or local revenue annually in excess of two million dollars.

Neb. Rev. Stat. § 77-382 provides:

(1) The department shall prepare a tax expenditure report describing (a) the basic provisions of the Nebraska tax laws, (b) the actual or estimated revenue loss caused by the exemptions, deductions, exclusions, deferrals, credits, and preferential rates in effect on July 1 of each year and allowed under Nebraska's tax structure and in the property tax, (c) the actual or estimated revenue loss caused by failure to impose sales and use tax on services purchased for nonbusiness use, and (d) the elements which make up the tax base for state and local income, including income, sales and use, property, and miscellaneous taxes.

(2) The department shall review the major tax exemptions for which state general funds are used to reduce the impact of revenue lost due to a tax expenditure. The report shall indicate an estimate of the amount of the reduction in revenue resulting from the operation of all tax expenditures. The report shall list each tax expenditure relating to sales and use tax under the following categories:

(a) Agriculture, which shall include a separate listing for the following items: Agricultural machinery; agricultural chemicals; seeds sold to commercial producers; water for irrigation and manufacturing; commercial artificial insemination; mineral oil as dust suppressant; animal grooming; oxygen for use in aquaculture; animal life whose products constitute food for human consumption; and grains;

(b) Business across state lines, which shall include a separate listing for the following items: Property shipped out-of-state; fabrication labor for items to be shipped out-of-state; property to be transported out-of-state; property purchased in other states to be used in Nebraska; aircraft delivery to an out-of-state resident or business; state reciprocal agreements for industrial machinery; and property taxed in another state;

(c) Common carrier and logistics, which shall include a separate listing for the following items: Railroad rolling stock and repair parts and services; common or contract carriers and repair parts and services; common or contract carrier accessories; and common or contract carrier safety equipment;

(d) Consumer goods, which shall include a separate listing for the following items: Motor vehicles and motorboat trade-ins; merchandise trade-ins; certain medical equipment and medicine; newspapers; laundromats; telefloral deliveries; motor vehicle discounts for the disabled; and political campaign fundraisers;

(e) Energy, which shall include a separate listing for the following items: Motor fuels; energy used in industry; energy used in agriculture; aviation fuel; and minerals, oil, and gas severed from real property;

(f) Food, which shall include a separate listing for the following items: Food for home consumption; Supplemental Nutrition Assistance Program; school lunches; meals sold by hospitals; meals sold by institutions at a flat rate; food for the elderly, handicapped, and Supplemental Security Income recipients; and meals sold by churches;

(g) General business, which shall include a separate listing for the following items: Component and ingredient parts; manufacturing machinery; containers; film rentals; molds and dies; syndicated programming; intercompany sales; intercompany leases; sale of a business or farm machinery; and transfer of property in a change of business ownership;

(h) Lodging and shelter, which shall include a separate listing for the following item: Room rentals by certain institutions;

(i) Miscellaneous, which shall include a separate listing for the following items: Cash discounts and coupons; separately stated finance charges; casual sales; lease-to-purchase agreements; and separately stated taxes;

(j) Nonprofits, governments, and exempt entities, which shall include a separate listing for the following items: Purchases by political subdivisions of the state; purchases by churches and nonprofit colleges and medical facilities; purchasing agents for public real estate construction improvements; contractor as purchasing agent for public agencies; Nebraska lottery; admissions to school events; sales on Native American Indian reservations; school-supporting fundraisers; fine art purchases by a museum; purchases by the Nebraska State Fair Board; purchases by the Nebraska Investment Finance Authority and licensees of the State Racing and Gaming Commission; purchases by the United States Government; public records; and sales by religious organizations;

(k) Recent sales tax expenditures, which shall include a separate listing for each sales tax expenditure created by statute or rule and regulation after July 19, 2012;

(l) Services purchased for nonbusiness use, which shall include a separate listing for each such service, including, but not limited to, the following items: Motor vehicle cleaning, maintenance, and repair services; cleaning and repair of clothing; cleaning, maintenance, and repair of other tangible personal property; maintenance, painting, and repair of real property; entertainment admissions; personal care services; lawn care, gardening, and landscaping services; pet-related services; storage and moving services; household utilities; other personal services; taxi, limousine, and other

transportation services; legal services; accounting services; other professional services; and other real estate services; and

(m) Telecommunications, which shall include a separate listing for the following items: Telecommunications access charges; prepaid calling arrangements; conference bridging services; and non-voice data services.

(3) It is the intent of the Legislature that nothing in the Tax Expenditure Reporting Act shall cause the valuation or assessment of any property exempt from taxation on the basis of its use exclusively for religious, educational, or charitable purposes.

Neb. Rev. Stat. § 77-383 provides:

The department may request from any state or local official or agency any information necessary to complete the reports required under § 77-382 and subsection (2) of § 77-385. All state and local officials or agencies shall cooperate with the department with respect to any such request.

Neb. Rev. Stat. § 77-385 provides:

(1) The report required under § 77-382 and a summary of the report shall be submitted to the Governor, the Executive Board of the Legislative Council, and the chairpersons of the Legislature's Revenue and Appropriations Committees on or before October 15, 1991, and October 15 of every even-numbered year thereafter. The report submitted to the executive board and the committees shall be submitted electronically. The department shall, on or before December 1 of each even-numbered year, appear at a joint hearing of the Appropriations Committee of the Legislature and the Revenue Committee of the Legislature and present the report. Any supplemental information requested by three or more committee members shall be presented within thirty days after the request. The summary shall be included with or appended to the Governor's budget presented to the Legislature in odd-numbered years.

(2)(a) In addition to the tax expenditure report required under § 77-382, the department shall prepare an annual report that focuses specifically on the tax expenditures relating to sales and use tax as follows:

(i) For 2014 and every fourth year thereafter, the report shall analyze the actual or estimated revenue loss caused by the tax expenditures described in subdivisions (2)(a) through (c) of § 77-382;

(ii) For 2015 and every fourth year thereafter, the report shall analyze the actual or estimated revenue loss caused by the tax expenditures described in subdivisions (2)(d) through (f) of § 77-382;

(iii) For 2016 and every fourth year thereafter, the report shall analyze the actual or estimated revenue loss caused by the tax expenditures described in subdivisions (2)(g) through (j) of § 77-382; and

(iv) For 2017 and every fourth year thereafter, the report shall analyze the actual or estimated revenue loss caused by the tax expenditures described in subdivisions (2)(k) through (m) of § 77-382.

(b) The report required under this subsection shall be submitted to the Governor, the Executive Board of the Legislative Council, and the chairpersons of the Revenue Committee of the Legislature and the Appropriations Committee of the Legislature on or before October 15 of each year. The report submitted to the executive board and the committees shall be submitted electronically. The department shall, on or before December 1 of each year, appear at a joint hearing of the Appropriations Committee of the Legislature and the Revenue Committee of the Legislature and present the report. Any supplemental information requested by three or more committee members shall be presented within thirty days after the request.

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Section A — Nebraska Local Sales and Use Taxes

Basic Provisions and Tax Base

Sales Tax[1,2]

Nebraska sales tax is imposed upon the gross receipts from:

- all sales, leases, rentals, installation, application, and repair of tangible personal property;
- every person engaged as a public utility, cable service operator, or a satellite service provider;
- retailers of intellectual or entertainment property;
- selling admissions, bundled transactions, prepaid calling arrangements, or specified digital products;
- selling warranties, guarantees, service agreements, and maintenance agreements on property, the sale of which is taxable;
- renting or furnishing accommodations or lodging for periods of less than 30 days; and
- selling or providing certain services.

The state sales tax rate is 5.5%.

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

Use Tax[1]

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 or village) 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 may approved by county voters at a rae of 0.5%, 1%, 1.5%, 1.75%, and 2%, except in cities of the metropolitan class and counties, which are limited to a local sales tax rate of 0.5%, 1%, or 1.5%. 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. The data sources cited in each category provide the raw data and are analyzed by DOR to arrive at the estimates. Generally, sources include DOR sales tax records, other State of Nebraska agencies, the federal government, nonprofit organizations, and trade groups. Some estimates are based on confidential DOR data so a data source is not provided. In some cases, no reliable data exists to provide an estimate, and is listed as “not available.”

For 2016 and each fourth year thereafter, Neb. Rev. Stat. § 77-385(2)(a)(i) requires DOR to analyze the actual or estimated revenue loss caused by the tax expenditures described in subdivisions (2)(a) through (c) of § 77-382. This report satisfies the requirements of that section.

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[1] *The 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.*

[2] *Estimates presented in the report are for fiscal year 2021-2022 unless otherwise noted.*

Exemptions

Agriculture

1. **Agricultural Machinery and Equipment**
   Statutory citation: 77-2704.36
   Enacted: 1992
   Description: Sales and use tax shall not be imposed on the gross receipts from the sale, lease, or rental of depreciable agricultural machinery and equipment purchased, leased, or rented on or after January 1, 1993, for use in commercial agriculture.
   Estimate: $261,660,000
   Data source: U.S. Census Bureau, Economic Census; U.S. Department of Agriculture, Agricultural Census

2. **Agricultural Repair Parts**
   Statutory citation: 77-2704.64
   Enacted: 2014
   Description: Repair or replacement parts for agricultural machinery and equipment used in commercial agriculture.
   Estimate: $23,130,000
   Data source: U.S. Census Bureau, Economic Census

3. **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: $149,714,000
   Data source: U.S. Department of Agriculture, Agricultural Census

4. **Seeds Sold to Commercial Producers and for Agricultural Purposes**
   Statutory citation: 77-2704.46(2)
   Enacted: 1967
   Description: Seeds and annual plants, whose products are food for human consumption, when sold to commercial producers of the products of such seeds, seed legumes, seed grasses, and seed grains when sold to be used exclusively for agricultural purposes.
   Estimate: $88,355,000
   Data source: U.S. Department of Agriculture, 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 DOR to break out commercial and agricultural uses for purposes of this exemption.

5. **Water for Irrigation and Manufacturing**
   Statutory citation: 77-2704.13(3)
   Regulation: 1-066.07 and .08
   Enacted: 1967
   Description: Water used for irrigation of agricultural lands and manufacturing purposes if no more than 10% is used for incidental purposes.
   Estimate: $30,342,000
   Data source: U.S. Geological Survey; Metropolitan Utilities District, Omaha; U.S. Department of Agriculture, Agricultural Census

6. **Commercial Artificial Insemination**
Statutory citation: 77-2704.23
Enacted: 1971
Description: Semen and insemination services for use in ranching, farming, commercial, or industry.
Estimate: $1,298,000
Data source: National Association of Animal Breeders; U.S. Department of Agriculture, National Agricultural Statistics Service

7. **Mineral Oil as Dust Suppressant**
Statutory citation: 77-2704.60
Enacted: 2009
Description: Mineral oil applied to grain as a dust suppressant.
Estimate: $1,257,000
Data source: U.S. Department of Agriculture, National Agricultural Statistics Service

8. **Animal Grooming**
Statutory citation: 77-2701.16(4)(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: $421,000
Data source: U.S. Census Bureau, Economic Census

9. **Oxygen for Use in Aquaculture**
Statutory citation: 77-2704.46(4)
Enacted: 1993
Estimate: Not available

10. **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: $1,175,401,000
Data source: U.S. Department of Agriculture, Agricultural Census
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 DOR cannot separate these two exemptions for purposes of this report.

11. **Grains (including animal feed) for Animal Life that Constitute Food for Human Consumption or 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: $359,756,000
Data source: U.S. Department of Agriculture, Agricultural Census
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, DOR cannot separate these two exemptions for purposes of this report. Seed grain is included in #4 above.

12. **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 that are otherwise used in caring for any form of animal life of a kind whose products ordinarily constitute food for human consumption or of a kind of pelts ordinarily used for human apparel.
Estimate: $33,350,000
Data source: U.S. Geological Survey, Estimated Water Use Report; U.S. Department of Agriculture, Economic Research Service; U.S. Department of Agriculture, Agricultural Census; Metropolitan Utilities District, Omaha

13. **Energy Used in Drying, Aerating, Blending, etc. of Grain**
Statutory citation: 77-2704.13
Enacted: 2016
Description: Provides that processing includes drying, aerating, blending, cleaning, or sorting of grain in commercial agricultural facilities.
Estimate: Not available due to lack of data.
Note: Tax expenditure amount is included in Exemption #34.

Business across State Lines

14. **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.
Estimate: Not available

15. **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 that 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

16. **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 that will be transported out-of-state.
Estimate: Not available

17. **Property Purchased and First Used in Other States Prior to Being Brought into Nebraska**
Statutory citation: 77-2704.44(2)
Enacted: 1987
Description: Property purchased in another state, territory, or possession of the U.S., the Commonwealth of Puerto Rico, or any foreign country that is intended to be used at that location, and that is actually used for its intended purpose (motor vehicles or motorboats registered in another state, commonwealth, territory, possession or country) and then is brought into the State of Nebraska for use.
Estimate: Not available

18. 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

19. State Reciprocal Exemption for Industrial Machinery
Statutory citation: 77-2704.43
Enacted: 2003
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: $0
Note: No other state currently provides an exemption to Nebraska or it's political subdivisions on industrial machinery and equipment.

20. Property Taxed in Another State
Statutory citation: 77-2704.49, 77-2704.31
Enacted: 1967
Description: Property that 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

Common Carrier and Logistics

21. 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; and associated repair labor charges.
Estimate: $24,947,000
Data source: U.S. Census Bureau, Annual Capital Expenditures Survey; Bureau of Economic Analysis
Note: Estimate does not include repair services.

22. Common or Contract Carriers; Repair Parts and Services
Statutory citation: 77-2704.50, 77-2704.30(1)
Regulation: 1-069
Enacted: 1967
Description: The sale, rental, or lease of motor vehicles, trailers, semitrailers, watercraft, or aircraft used as a common or contract carrier; repair and replacement parts; and any associated labor charges.
Estimate: $18,413,000
Data source: U.S. Census Bureau, Annual Capital Expenditures Survey; Bureau of Economic Analysis
Note: Estimate does not include repair services. This estimate includes purchase of non-common carrier trucks and trailers. With the available data, the DOR is unable to isolate non-common carrier purchases from the estimate.

23. Common or Contract Carrier Accessories
Regulation: 1-069.03C
Description: Accessories purchased for use with a common or contract carrier vehicle, watercraft, or aircraft that could have been included in the list price at the time of purchase.
Estimate: Not available.

24. 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.

Consumer Goods

25. Motor Vehicle/Motorboat Trade-ins
Statutory citation: 77-2701.35(3)(e)(ii)
Enacted: 1967
Description: The value of a motor vehicle, motorboat, all-terrain vehicle, or utility-type vehicle taken by any person in trade as all or part of the consideration for a sale of another motor vehicle, motorboat, all-terrain vehicle, or utility-type vehicle.
Estimate: $66,190,000
Data source: Nebraska Department of Motor Vehicles

26. Merchandise Trade-ins
Statutory citation: 77-2701.35(3)(e)(i)
Enacted: 1967
Description: The value of trade-ins taken in connection with a sale of property.
Estimate: Not available.

27. Certain Medical Equipment and Medicine
Statutory citation: 77-2704.09(1)
Enacted: 1967
Description: Insulin, prescription drugs, mobility-enhancing equipment, drugs sold under a doctor's prescription, and durable medical equipment, home medical supplies, prosthetic devices, oxygen, and any oxygen equipment for a patient's use sold under a doctor's prescription and are eligible for coverage by Medicaid.
Estimate: $247,265,000
Data source: U.S. Center for Medicare and Medicaid Services

28. Newspapers
Statutory citation: 77-2704.07
Enacted: 1967
Description: Newspapers issued at least once a week; and newspaper advertising supplements distributed with newspapers.
Estimate: $3,716,000
Data source: U.S. Census Bureau, Economic Census

29. Laundromats
Statutory citation: 77-2704.14
Enacted: 1967
Description: Receipts of coin-operated machines for laundering and cleaning, except for washing motor vehicles.
Estimate: $627,000

Data source: U.S. Census Bureau, Economic Census

30. 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: $1,015,000

31. 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: $11,000

Data source: U.S. Department of Veterans Affairs

Note: The cost estimation for the year 2022 is based on U.S. Department of Veterans Affairs' projection of what the automobile grant and veteran population would be in the year 2022 based on fiscal year 2016 veteran population.

32. Political Campaign Fundraisers

Statutory citation: 77-2704.10(4)

Enacted: 1993

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

Estimate: Not available

Energy

33. 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; or for railroad use.

Estimate: $267,966,000

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

34. Energy Used in Industry

Statutory citation: 77-2704.13(2)

Enacted: 1967; amended in 1985 to limit the exemption to situations where more than 50% of the energy is used 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, or refining, in the generation of electricity, in the compression of natural gas for retail sale as a vehicle fuel, or by any hospital.

Estimate: $158,208,000

Data source: U.S. Department of Energy, Energy Information Administration, State Energy Price and Expenditure Report

35. Energy Used in Agriculture
Statutory citation: 77-2704.13(1)
Enacted: 1967; amended in 1985 to limit the exemption to situations where more than 50% of the energy is used directly in irrigation or farming
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 is for use directly in irrigation or farming.
Estimate: $86,756,000
Data source: U.S. Department of Agriculture, Agricultural Census; U.S. Geological Survey, Estimated Water Use Report; Metropolitan Utilities District, Omaha

36. Aviation Fuel
Statutory citation: 77-2704.03
Enacted: 1967
Description: Fuel for use in aircraft, specifically aviation gasoline and jet fuel.
Estimate: $7,250,000
Data source: DOR; U.S. Department of Energy, Energy Information Administration

37. Minerals, Oil, and Gas Severed from Real Property
Statutory citation: 77-2704.04
Enacted: 1967
Description: Mining or extracting minerals, oil, and gas in Nebraska.
Estimate: $9,644,000
Data source: DOR, Form 61 returns

38. Net Metering of Electricity
Statutory citation: 77-2701.16(2)(c)(ii)
Enacted: 2013
Description: A customer-generator's electricity production will be netted against their electricity consumption for the purpose of determining the customer-generator's sales tax liability.
Estimate: $229,000
Data Source: U.S. Department of Energy, Energy Information Administration

39. Community-Based Energy Development (C-BED) Projects
Statutory citation: 77-2704.57
Enacted: 2014
Description: Personal property for use in a community-based energy development (CBED) project.
Estimate: $1,182,000
Data Source: DOR, Renewable Energy Generation Facilities Operating in Nebraska

40. Energy Used to Compress Natural Gas for Fuel
Statutory citation: 77-2704.13
Enacted: 2014
Description: Sales and use taxes shall not be imposed on energy sources or fuels when more than 50% of the amount purchased is for use directly in processing manufacturing, or refining, in the generation of electricity, in the compression of natural gas for retail sale as a vehicle fuel, or by any hospital.
Estimate: Included in #34 above

41. Leases of Electric Power Structures or Facilities Owned by Political Subdivisions of the State, Electric Cooperatives, or Electric Membership Associations
Statutory citation: 77-2701.16(2)
Enacted: 2019
Description: The gross income received by political subdivisions of the state from the lease or use of electric generation, transmission, distribution, or street lighting structures or facilities owned by a political subdivision of the state to persons furnishing a public utility service.
Estimate: $11,056,000
Data source: Omaha Public Power District and DOR

Food

42. 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 prepared food and food sold through vending machines.
Estimate: $264,576,000
Note: Estimate excludes Supplemental Nutrition Assistance Program purchases.
Data source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey

43. Supplemental Nutrition Assistance Program (SNAP) — formerly "food stamps"
Statutory citation: 77-2704.54
Enacted: 1983
Description: Food or food ingredients that are purchased by electronic benefits transfer or with food coupons.
Estimate: $19,534,000
Data source: U.S. Department of Agriculture, Food and Nutrition Service, Supplemental Nutrition Assistance Program
Note: State taxation is prohibited by federal law.

44. Prepared Food Sold by Schools
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 school or institution. However, this exemption does not apply to sales at any facility or function that is open to the general public, except that concession sales by elementary and secondary schools, public or private, are exempt.
Estimate: $11,065,000
Data source: Nebraska Department of Education, Annual Financial Report; University of Nebraska room and board rates; National Center for Education Statistics

45. Prepared Food 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: $880,000
Data source: U.S. Census Bureau, Economic Census

46. Prepared Food Sold by Institutions at a Flat Rate
Regulations: 1-083.09, 1-083.10
Description: Prepared food furnished at fraternities, sororities, cooperative student societies, and summer camps that charge a single amount to attend.
Estimate: $1,461,000
Data source: U.S. Census Bureau, Economic Census
Note: Educational institutions are included in #42 above.

47. Prepared 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 SNAP or food coupons under regulations issued by the U.S. Department of Agriculture, although it is not necessary for the purchaser to use SNAP or food coupons to pay for the meal.
Estimate: $125,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics; Meals on Wheels Association of America

48. 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.

49. Streamlined Compliance
Statutory citation: 77-2704.15
Enacted: 2016
Description: Carves out an allowable exception to the definition of "prepared food" for food that requires additional cooking, like take-and-bake pizza, and updates Nebraska's acceptance of the Streamlined Sales and Use Tax Agreement to adopt changes to the Agreement since 2010.
Estimate: Not available

General Business

50. Component/Ingredient Parts
Statutory citation: 77-2704.45(1)
Enacted: 1967
Description: Property that becomes an ingredient or component part of property that is manufactured, processed, or fabricated for ultimate sale at retail.
Estimate: $1,671,340,000
Data source: DOR input-output model

51. Manufacturing Machinery and Equipment
Statutory citation: 77-2704.22(1), 77-2704.22(2)
Enacted: 2006
Description: The sale, lease, rental, storage, use, or other consumption in Nebraska by a manufacturer of manufacturing machinery, equipment, and repair parts and labor.
Estimate: $127,830,000
Data source: Bureau of Economic Analysis, National Income and Product Accounts
Note: This estimate includes installation, repair, and maintenance services performed on manufacturing machinery and equipment. The estimate does not include repair labor.

52. Containers
Statutory citation: 77-2704.47(1)
Enacted: 1967
Description: Nonreturnable containers sold to purchasers who place contents in the container and sell the contents with the container.
Estimate: $61,310,000
Data source: U.S. Census Bureau, Economic Census; U.S. Bureau of Economic Analysis
Note: This estimate includes containers that 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]).

53. 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: $23,000
Data source: U.S. Census Bureau, Economic Census; U.S. Bureau of Economic Analysis

54. Molds and Dies
Statutory citation: 77-2704.40 and 77-2701.47(1)(c)
Enacted: 1995
Description: Sales of molds, dies, and patterns that are used to manufacture a single product that is either injection-molded from plastic or stamped from metal.
Estimate: $7,729,000
Data source: U.S. Census Bureau, Annual Survey of Manufacturers; U.S. Bureau of Economic Analysis
Note: This estimate is for all molds and dies even though most would be exempt as manufacturing machinery or equipment under Neb. Rev. Stat. § 77-2704.22.

55. Syndicated Programming
Statutory citation: 77-2704.39
Enacted: 1994
Description: Sales of syndicated programming for rebroadcast by a radio or television station.
Estimate: $14,000
Data source: U.S. Census Bureau, Economic Census; Bureau of Economic Analysis

56. Intercompany Sales
Statutory citation: 77-2701.24(1), 77-2704.48
Enacted: 1967; amended to current definition in 1974
Description: An intercompany 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 if the seller or transferor has previously, directly or indirectly, paid a sales or use tax thereon.
Estimate: Not available

57. Intercompany Leases
Statutory citation: 77-2704.28
Enacted: 1967
Description: An intercompany 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

58. Sale of Used Business or Farm Machinery and Equipment
Statutory citation: 77-2701.24(3), 77-2704.48
Enacted: 1985
Description: The sale of business or farm machinery and equipment if the machinery or equipment was used by the seller, for at least one year, as a capital asset and sales or use tax was previously paid or specifically exempted.
Estimate: Not available.

59. Transfer of Property in Change of Business Ownership
Statutory citation: 77-2701.24(5), 77-2704.48
Enacted: 1985
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 of business if the seller has previously paid a sales or use tax on the property sold.
Estimate: Not available

60. Direct Mail Postage
Statutory citation: 77-2701.11 and 77-2701.35(3)(d)
Enacted: 2014
Description: Delivery charges do not include U.S. postage charges on direct mail if the charges for U.S. postage are separately stated on the invoice, bill of sale, or similar document given to the purchaser. Separately stated charges for U.S. postage on direct mail are no longer subject to sales and use taxes.
Estimate: $3,275,000
Source: U.S. Postal Service; Bureau of Economic Analysis.

61. 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: $6,836,000
Data source: U.S. Census Bureau, Economic Census

Lodging and Shelter

62. 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: $121,578,000
Data source: U.S. Census Bureau, Economic Census; University of Nebraska on-campus enrollment and boarding rates; National Center for Health Statistics, American Hospital Directory

63. Long-term Lodging
Statutory citation: 77-2701.33(2)
Enacted: 1967
Description: Lodging for 30 continuous days or more.
Estimate: Not available

Miscellaneous

64. 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

65. 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.

66. Occasional 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

67. 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

68. 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: Examples of this type of tax include the federal luxury tax or the Nebraska Universal Service Fund surcharge.
Estimate: Minimal

69. Bullion or Currency
Statutory citation: 77-2704.66
Enacted: 2014
Description: The sale of bullion or currency is exempt from sales and use taxes.
Estimate: $1,903,000
Source: U.S. Census Bureau, Economic Census

70. 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: $2,453,000
Data source: U.S. Federal Reserve

Nonprofits and Governments Exemption

71. 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 Neb. Rev. Stat. §§ 31-401 to 31-450, land bank, natural resource district, elected county fair board, housing agency as defined in Neb. Rev. Stat. § 71-1575 except for purchases for any commercial operation that does not exclusively benefit the residents of an affordable housing project, cemetery created under Neb. Rev. Stat. § 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 Inter-local 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. This estimate includes purchases by nonprofit corporations formed solely to finance one or more construction projects for an exempt governmental agency.
Estimate: $213,069,000
Data source: U.S. Census Bureau, State and Local Government Finances

72. Purchases by Churches and Nonprofit Colleges and Medical Facilities

Statutory citation: 77-2704.12(1)

Enacted: As noted below

Description: Purchases made by:

1) Nonprofit organizations created exclusively for religious purposes (1967);
2) Nonprofit organizations providing services exclusively to the blind (1967);
3) Nonprofit Nebraska-licensed private educational institution established under §§ 79-1601 to 79-1607 (1967);
4) Nonprofit Nebraska-licensed private college or university with its primary campus located in Nebraska (2011);
5) The medical care levels and facilities (a) through (k) must be licensed under the Nebraska Health Care Facility Licensure Act:
    a) Nonprofit Nebraska-licensed hospitals (1967);
    b) Nonprofit Nebraska-licensed health clinics when 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 United States Public Health Service for the purpose of serving populations that are medically underserved (1984);
    c) Nonprofit Nebraska-licensed skilled nursing facilities (1977);
    d) Nonprofit Nebraska-licensed intermediate care facilities (1977);
    e) Nonprofit Nebraska-licensed assisted-living facilities (2008);
    f) Nonprofit Nebraska-licensed intermediate care facilities for the developmentally disabled (2004);
    g) Nonprofit Nebraska-licensed nursing facilities (1991);
    h) Nonprofit Nebraska-licensed home health agency (1982);
    i) Hospice or hospice service (2005)
    j) Respite care service (2005);
    k) Nonprofit Nebraska-licensed mental health substance abuse treatment center (2012); and
6) Nonprofit Nebraska-licensed center for independent living as defined in 29 U.S.C. 796a;
7) Nonprofit Nebraska-licensed residential child-caring agencies (1980) or child placement agencies (1967);
8) Nonprofit organizations certified by the Department of Health and Human Services (HHS) to provide community-based services for persons with developmental disabilities (2006).

Estimate: $236,901,000

Data source: National Center for Charitable Statistics

73. Purchasing Agents for Construction Improvements for Political Subdivisions of the State

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 that are annexed to the structure and which belong to the state or governmental subdivision.

Note: Estimate is included in Exemption #71, 77-2704.15(1), above.

74. Purchasing Agents for Churches, Nonprofit Colleges, and Medical Facilities

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.

Note: Estimate is included in Exemption #71, 77-2704.15(1), above.

75. Nebraska Lottery
Statutory citation: 77-2704.38
Enacted: 1993
Description: Nebraska Lottery tickets sold pursuant to the State Lottery Act.
Estimate: $12,206,000
Data source: DOR, Nebraska Lottery

76. Admissions to School Events
Statutory citation: 77-2704.10(6)
Enacted: 1967
Description: Fees and admissions charged by a school district, student organization, or parent-teacher association for functions at elementary or secondary schools, public or private.
Estimate: $696,000
Data source: Nebraska High School Activities Association; Lincoln Public Schools Annual Budget; Nebraska Department of Education enrollment statistics

77. 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: $675,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics

78. Sales on Native American Indian Lands
Statutory citation: 77-2704.02
Enacted: 1992
Description: Property sold to a Native American Indian living in Indian country, as defined in federal law, or to a Native American Tribal Council or Tribal corporation when it is within Indian country.
Estimate: $5,119,000
Data source: DOR; Census Bureau
Note: State taxation is prohibited by federal law.

79. Certain Purchases by a Museum
Statutory citation: 77-2704.56
Enacted: 2006
Description: Sales and use taxes are not imposed on purchases of historical, scientific, cultural, or artistic property or fine art by a museum as defined by Neb. Rev. Stat. § 51-702. The exemption was broadened to include property in addition to fine art in 2016.
Estimate: $564,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics

80. Purchases by the Nebraska State Fair Board
Statutory citation: 77-2704.15
Enacted: 1992
Estimate: $117,000
Data source: Nebraska State Fair Board

81. Purchases by the Nebraska Investment Finance Authority
Statutory citation: 77-2704.17
Enacted: 1992
Estimate: Minimal

82. Purchases by the Licensees of the State Racing and Gaming Commission
Statutory citation: 77-2704.20
Enacted: 1992
Description: An exemption is granted to any purchases by Licensees of the State Racing and Gaming Commission, which includes casinos and horse tracks.
Estimate: $2,245,000
Data source: U.S. Census Bureau, Economic Census

83. Purchases by U.S. Government
Statutory citation: 77-2704.02
Enacted: 1967
Description: Purchases by the U.S. Government, its agencies, and instrumentalities.
Estimate: Not available
Note: State taxation is prohibited by federal law.

84. Public Records
Statutory citation: 77-2704.42
Enacted: 2002
Description: Copies of public records as defined in 84-712.01, except those documents developed, produced, or acquired and made available for commercial sale to the general public.
Estimate: Not available

85. Sales by Religious Organizations
Statutory citation: 77-2701.24(4), 77-2704.48
Enacted: 1985
Description: One annual sale of property by an organization created exclusively for religious purposes.
Estimate: $50,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics

86. Admissions 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: Cornhusker State Games website

87. Admissions 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©(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: $3,824,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics

88. 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: $117,000
Data source: Nebraska city budgets and Consolidated Annual Financial Reports

89. Membership or Admission to or Purchase by Zoo or Aquarium
Statutory citation: 77-2704.67
Enacted: 2015
Description: Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of any sale of a membership in, an admission to, or any purchase by a nationally accredited zoo or aquarium operated by a public agency or nonprofit corporation primarily for educational or scientific or tourism purposes.
Estimate: $1,473,000
Data source: National Center for Charitable Statistics; U.S. Census Bureau, Economic Census

90. Sanitary Drainage Districts
Statutory citation: 77-2704.15
Enacted: 2015
Description: Sales tax exemption for purchases made by sanitary drainage districts.
Estimate: Not available.

91. Automobile Museums
Statutory citation: 77-2704.65
Enacted: 2014
Description: Sales and use tax exemption on purchases of items that are on display, or held for display, by any historic automobile museum and are reasonably related to the general purpose of the historic automobile museum. A historic automobile museum is defined as a museum that is open to the public for at least four hours a week, on average, and is used to maintain and exhibit at least 150 vehicles.
Estimate: $114,000
Data source: DOR sales and use tax records

92. County Agricultural Societies
Statutory citation: 77-2704.15
Enacted: 2016
Description: County agricultural societies are exempt from paying sales and use taxes on their purchases.
Estimate: $276,000
Data source: IRS Form 990

Recent Sales Tax Exemptions

93. Net Wrap[3]
Statutory citation: 77-2704.36(1)(b)
Enacted: 2022
Description: Net wrap purchased for use in commercial agriculture from sales tax. Net wrap is defined to mean plastic wrap used in baling hay.
Estimate: $376,000
Data source: U.S. Census Bureau, Economic Census

94. Certain Catalysts, Chemicals and Materials
Statutory citation: 77-2704.69
Enacted: 2021
Description: Sales of catalysts, chemicals, and materials used in manufacturing ethyl alcohol and its coproducts.
Estimate: $941,000
Data source: U.S. Census Bureau, Economic Census

95. Residential Water Services
Statutory citation: 77-2704.68
Enacted: 2021
Description: Provides an exemption from sales and use taxes on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption of residential water service.
Estimate: $7,839,000
Data source: DOR

96. Feminine Hygiene Products[4]
Statutory citation: 77-2704.70
Enacted: 2022
Description: Feminine hygiene products defined as: Tampons, panty liners, menstrual cups, sanitary napkins, and other similar tangible personal property designed for feminine hygiene. Does not include general grooming and hygiene products such as soaps, toothpaste, shampoo, and lotions.
Estimate: $1,660,000
Data source: U.S. Census Bureau; Economic Census

97. Leases or Uses of Towers or Structures for Internet, GPS, or Broadcasting
Statutory citation: 77-2701.16(2)
Enacted: 2021
Description: The gross income received for the lease or use of towers or other structures primarily used for furnishing Internet access services, agricultural GPS locating services, or radio or television broadcasting.
Estimate: Not Available

[3] [4] Operative October 2022, the estimate presented here is for a full fiscal year.

Services Purchased for Non-Business Use[5]

98. Motor Vehicle Cleaning and Repair

Description and Estimate:

Motor vehicle cleaning:[6]

Total motor vehicle repair: $36,177,000

- Body repair: $13,366,000
- Brake repair: $2,276,000
- Electrical system repair: $1,331,000
- Repair of recreational motor vehicles: $109,000
- Other repair services, such as muffler and exhaust systems, air conditioning and heating systems, etc.: $6,424,000
- Power train repair: $7,258,000
- Scheduled preventative maintenance: $4,447,000
- Wheel and alignment services: $996,000

Data Source: U.S. Census Bureau, Economic Census.

99. Cleaning and Repair of Clothing

Description and Estimate:

Total cleaning of clothing: $2,406,000

- Coin-operated laundry and dry cleaning: $537,000
- Dry cleaning services: $1,305,000
- Other laundry services: $564,000
- Repair of clothing[7]

Data Source: U.S. Census Bureau, Economic Census

100. Cleaning and Repair of Tangible Personal Property

Description and Estimate:

- Cleaning of tangible personal property: Not available
- Maintenance of tangible personal property: [7]
- Repair of tangible personal property:[7]

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[5] *With the available data sources, DOR is unable to separate business use from non-business use in many of the following services.*

[6] *Neb. Rev. Stat. § 77-382(2)(l), as amended by LB 989 (2014), requires a listing for "motor vehicle cleaning and repair services;" however, motor vehicle cleaning is subject to sales tax. The estimates above refer to services related to motor vehicle repair performed, and do not include the value of replacement parts installed.*

[7] *Neb. Rev. Stat. § 77-382(2)(l), as amended by LB 989 (2014), requires a listing for the specific categories be listed, however, the specific categories are currently subject to sales tax.*

101. Maintenance, Painting, and Repair Services to Real Property

Estimate: $22,700,000

- Painting and wall covering contractors: $745,000
- Poured concrete foundation and structure contractors: $711,000
- Framing contractors: $216,000
- Glass and glazing contractors: Not available
- Roofing contractors: $2,724,000
- Siding contractors: $831,000
- Electricians: $2,320,000
- Plumbing, heating, and air conditioning contractors: $11,917,000
- Drywall and insulation contractors: $669,000
- Flooring contractors: $172,000
- Carpentry contractors: $2,395,000

Data Source: U.S. Census Bureau, Economic Census

Note: The estimates above refer only to repair work completed to existing single family housing and not to commercial structures, which are excluded from the estimate pursuant to Neb. Rev. Stat. § 77-382.

102. Entertainment Admissions

Estimate: *

***Note:** Neb. Rev. Stat. § 77-382(2)(l), as amended by LB 989 (2014), requires a listing for "entertainment admissions;" however, entertainment admissions are subject to sales tax.

103. Personal Care Services

Estimate: $10,945,000

- Hair care services: $7,222,000
- Hair removal services: $216,000
- Massage services: $434,000
- Nail care services: $1,099,000
- Tattoo and body modification services: $1,584,000
- Skin care services: $390,000

Data Source: U.S. Census Bureau, Economic Census

104. Lawn Care, Gardening, and Landscaping Services

Estimate:

Note: Neb. Rev. Stat. § 77-382(2)(l), as amended by LB 989 (2014), requires a listing for "lawn care, gardening, and landscaping services;" however, installation of landscaping materials and live plants is subject to sales tax.

105. Pet-related Services

Estimate: $24,304,000

Data Source: U.S. Census Bureau, Economic Census

Note: The estimate includes veterinary services performed on both pets and livestock. Other pet-related services, such as the boarding and caring of animals; grooming; training, exercising, or handling; waste removal; breeding and insemination services; and cremation, burial, and disposal services are subject to sales tax.

106. Storage and Moving Services

Estimate $11,980,000

- Used household goods moving services: $9,890,000
- Lessors of mini-warehouses and self-storage units: $2,090,000

Data Source: U.S. Census Bureau, Economic Census

107. Household Utilities Estimate:[8]

Data Source: U.S. Census Bureau, Economic Census

108. Other Personal Services

Estimate: $5,493,000

- Weight loss services: $1,098,000
- Pre-burial services: $2,394,000
- Interment of human remains: $661,000
- Graves, plots and other spaces for human remains: $614,000
- All other personal services, including bail bonding, shoeshine, wedding planning, social escorts, and plots for human remains: $726,000

Data Source: U.S. Census Bureau, Economic Census

109. Taxi, Limousine, and Other Transportation Services

Estimate: $6,925,000

- Local, fixed-route passenger transportation by road and transit rail: $3,667,000
- Long-distance passenger transportation by road, except fixed-route: $517,000
- Local taxi service: $499,000
- Local passenger transportation by chartered road vehicles, except limousines: $15,000
- Local passenger transportation by limousines and similar luxury vehicles: $1,056,000
- Special needs transportation service, including paratransit, senior citizen, etc.: $963,000
- Sightseeing services by ground vehicles: $208,000

Data Source: U.S. Census Bureau, Economic Census.

Note: Estimates above include transportation services sold to businesses.

110. Legal Services

Estimate: $95,300,000

Source: U.S. Census Bureau, Economic Census

Note: Estimate includes legal services purchased by businesses.

111. Accounting Services

Estimate: $11,164,000

Data Source: U.S. Census Bureau, Economic Census

Note: Estimate includes tax preparation services for individuals and unincorporated businesses and does not include services, such as preparation of financial statements, payroll, and budgets.

[8] *Neb. Rev. Stat. § 77-382(2)(l), as amended by LB 989 (2014), requires a listing for "household utilities;" however, household utilities, such as electricity, gas, and cable television are subject to sales tax.*

112. Other Professional Services

Estimate: $382,062,000

- Investment advice: $8,037,000
- Travel agencies: $2,902,000
- Tour operators: $146,000
- Offices of physicians: $262,190,000
- Offices of dentists: $54,291,000
- Offices of chiropractors: $9,914,000
- Offices of optometrists: $5,795,000
- Offices of mental health practitioners: $5,883,000
- Family planning: $236,000
- Substance abuse: $6,054,000
- Other outpatient services: $26,614,000

Data Source: U.S. Census Bureau, Economic Census

113. Other Real Estate Services

Estimate: $48,593,000

- Offices of real estate agents: $46,092,000
- Offices of real estate appraisers: $2,501,000

Data Source: U.S. Census Bureau, Economic Census

Telecommunications

114. Telecommunications Access Charges

Statutory citation: 77-2704.51
Enacted: 1989
Description: Telecommunication services between telecommunications companies, including division of revenues, settlements, or access charges.
Estimate: $12,808,000
Data Source: Federal Communications Commission ARMIS Report 43-01 and 43-08.

115. Prepaid Calling Arrangements

Note: Prepaid calling arrangements are subject to sales tax under Neb. Rev. Stat. § 77-2701.16(9) at the time of sale rather than the time of use.

116. Conference Bridging Services

Statutory citation: 77-2701.16(2)(a)(i)
Enacted: 2009
Description: Sales of conference bridging services associated with the provision of ancillary services.
Estimate: $840,000
Data source: U.S. Census Bureau, Economic Census; Bureau of Economic Analysis

117. Non-voice Data Services

Statutory citation: 77-2701.16(2)(a)(i)
Enacted: 2009
Description: Sales of value-added, non-voice data service associated with the provision of telephone communications services.
Estimate: Not available.

118. Leases or Sales of Dark Fiber
Statutory citation: 77-2704.51
Enacted: 2018
Description: Leases and sales of dark fiber as defined in Neb. Rev. Stat. § 86-574, between telecommunications companies.
Estimate: Not available.

Credits and Refunds

119. Refund for Tax Paid on Materials Annexed Outside the U.S.
Statutory citation: 77-2704.32
Enacted: 1986
Description: A sales tax refund for tax paid on materials actually annexed outside the U.S. or its territories or possessions.
Estimate: Not available.

120. Refund for Changes in Sales Tax Rate in Fixed Price Contracts
Statutory citation: 77-2704.33
Enacted: 1982
Description: A sales tax credit or refund is given when a written contract exists for a fixed price for a construction project and the sales tax rate is increased during the term of the contract. The contractor can then apply for a refund of the increased sales tax amount paid on building materials when the amount exceeds $10.
Estimate: Not available.

121. Bad Debt Deduction
Statutory citation: 77-2708(2)(j)(i)&(ii)
Enacted: 1967
Description: A sales tax credit is given to the retailer, contractor, or repairperson for sales charged off as worthless or uncollectible for federal income tax purposes or against bad debt reserve; a credit given for the portion of the purchase price remaining unpaid at the time of repossession.
Estimate: Not available.

122. Pollution Control Facility Refund
Statutory citation: 77-27,149 through 77-27,155
Enacted: 1972
Description: A refund is made for sales tax paid by a claimant or a contractor on an air or water pollution control facility used primarily for eliminating industrial or agricultural waste from air or water.
Estimate: Not available.

For sales and use tax refunds related to the Nebraska Advantage Act, see Section U.

Deductions

123. Retailers' Collection Fee

Statutory citation: 77-2703(2)(d) and 77-2708(1)(d)
Enacted: 1967
Description: A collection fee is taken by retailers and other persons collecting the sales and use tax to defray the expense of the collection. The collection fee is 2.5% of the first $3,000 collected, up to a maximum of $75. Effective October 1, 2022, the collection fee is increased to 3% of the first $5,000 collected, maximum of $150.The fee is computed on the basis of each licensed location when a combined return is filed.
Estimate: $18,366,000

124. Administrative Fee for Collecting Municipal and County Sales Taxes

Statutory citation: 77-27,144
Enacted: 1969
Description: The State deducts a 3% administrative fee from local sales and use tax collections.
Estimate: $13,409,000
Note: The fee is redistributed to municipalities pursuant to Neb. Rev. Stat. § 77-27,139.03. The fee associated with county sales tax is retained in the General Fund.

Section B — Income Tax: Individual, Fiduciary, Corporation, and Financial Institution Tax

Basic Provisions and Tax Base

All estimates are independent of each other and cannot be summed.

Individual Income Tax[1]

Nebraska individual income tax is imposed for each taxable year on the entire income of every resident individual. Nonresident and partial-year resident individuals are taxed on income derived from Nebraska sources. For tax year 2022, the rates are 2.46%, 3.51%, 5.01%, and 6.84% of Nebraska taxable income. Brackets for each filing status are outlined in Neb. Rev. Stat. § 77-2715.03. A personal exemption credit is allowed against the tax computed for every Nebraska personal exemption of the taxpayer. For tax year 2022, the credit is $146.

The tax is calculated as a percentage of Nebraska taxable income. Additional taxes are computed on premature and lump-sum distributions from qualified retirement plans at a rate equal to 29.6% of the federal tax liability. Nebraska taxable income starts with federal adjusted gross income (AGI), adds interest from non-Nebraska state and local government obligations, and subtracts U.S. government obligations and other adjustments increasing and decreasing income. Nebraska taxable income is further reduced by either federal itemized deductions less state and local income taxes; or a standard deduction equal to the smaller of the federal standard deduction or the Nebraska standard deduction amounts specified in § 77-2716.01(3). Additional standard deduction amounts are allowed to elderly and blind taxpayers. The standard deduction, including the additional standard deduction amounts, are adjusted for inflation. An additional tax that phases out the benefit of lower tax rates in the lower income brackets is also computed by higher income taxpayers.

Fiduciary Income Tax[1]

Nebraska income tax is imposed for each taxable year on the federal taxable income of a resident estate or trust after the adjustments contained in § 77-2716. Nonresident estates and trusts have the Nebraska income tax imposed for each taxable year on the portion of their income derived from sources within Nebraska.

In both cases, the tax is calculated as a percentage of Nebraska taxable income. The rates are 2.46%, 3.51%, 5.01%, and 6.84%. The brackets are established in § 77-2715.03. Additional tax is imposed on premature and lump-sum distributions from qualified retirement plans at a rate equal to 29.6% of the federal tax liability.

Corporation Income Tax[1]

Nebraska corporation income tax is imposed upon any corporation or any other entity taxed as a corporation (not including a corporation with a valid federal subchapter S election or any financial institution defined in § 77-3801) that is doing business in Nebraska. For a corporate taxpayer subject to tax in another state, the entire federal taxable income of the unitary business, after the adjustments in §§ 77-2716 and 77-2734.07(1), is apportioned according to the statutory formula to determine the portion attributable to sources within Nebraska. For a corporate taxpayer not subject to tax in another state, the entire taxable income is subject to tax in Nebraska. Each corporate taxpayer is required to file a single, combined unitary tax return for each taxable year. The corporation income tax rate for 2022 is 5.58% on the first $100,000 of taxable income and 7.50% on the excess. See § 77-2734.02(1)(a) and (b).

[1] *The taxes collected are deposited to the State General Fund for these tax programs.*

Financial Institution Tax[2]

Every financial institution which is chartered or qualified to do business in Nebraska, or that maintains a permanent place of business in Nebraska and actively solicits deposits from residents of Nebraska, must file a Nebraska Financial Institution Tax Return, Form 1120NF. This franchise tax is based on the average deposits of the financial institution. The rate of tax on deposits is 12.3 times the limitation rate. The limitation rate is 48.8% of the maximum corporation income tax rate in effect for the taxable year. The maximum corporation income tax rate in effect for the 2022 taxable year is 7.50% so the limitation rate is equal to 3.66%. The franchise tax imposed cannot exceed the limitation amount. The limitation amount is the product of the net financial income of the financial institution multiplied by the limitation rate. Financial institutions pay a franchise tax of 45 cents per $1,000 of average deposits (12.3 times the limitation rate), limited by the institution's net financial income multiplied by 3.66%. Each financial institution is required to file a separate franchise tax return.

The tax imposed is based on the amount of average deposits connected with the financial institution's operations in Nebraska. These deposits are deposits which are accepted at the financial institution's offices located in Nebraska, plus deposits solicited from residents in Nebraska even if accepted at an office of the financial institution outside of Nebraska.

Individual, Fiduciary, and Corporation Income Taxes[3]

Exemptions

Nebraska utilizes the federal calculation of taxable income for corporations as a base for computing taxpayers' Nebraska liability. Federal AGI, plus and minus certain adjustments, is used to determine Nebraska taxable income for individuals. Income tax for fiduciaries is based on taxable income. Nebraska tax tables, rates, tax rate schedules, and credits are used to determine tax liability. Some deductions (Nebraska corporation income tax) and adjustments to income (Nebraska individual, fiduciary, and corporation income tax) adopted under the Internal Revenue Code and federal regulations are recognized by Nebraska due to the linkage between the two systems. Federal tax credits are not recognized unless specifically approved by the Legislature. Any federal taxable income that is exempt from state taxation pursuant to federal law is not taxed by Nebraska.

Nebraska income tax liability after nonrefundable credits not greater than federal income tax liability before credits.
Statutory citation: 77-2715
Description: An individual taxpayer with less than $5,000 in adjustments increasing income will not have a Nebraska tax larger than their federal tax.
Estimate: $7,048,000

Deductions

Interest and Dividends on U.S. Obligations
Statutory citation: 77-2716(1)(a) and (b)
Description: A subtraction from the tax base is allowed for interest or dividend income derived from federal obligations. This applies to federal taxable income for corporations and fiduciaries and to AGI for individuals.
Estimate: $9,241,000*
Note: State taxation is prohibited by federal law.

[2] *The taxes collected are deposited to the State General Fund for these tax programs.*
[3] *Estimates are for tax year 2022.*

Subtraction for Foreign Income Taxed in Excess of Maximum Federal Tax Rate
Statutory citation: 77-2716(6)
Description: A subtraction is allowed from federal taxable income for any portion of income subject to tax by a foreign country that is higher than the maximum federal tax rate.
Estimate: Indeterminable

Net Operating Losses
Statutory citation: 77-2716(2)
Description: A subtraction is allowed a resident individual, estate, or trust for a federal net operating loss (NOL), which is adjusted for the modifications to federal AGI in the statutes. A nonresident or partial-year resident individual, estate, or trust is allowed a subtraction for a federal NOL adjusted by the modifications in the statutes. Any carryovers or carrybacks are limited to the portion of the loss derived from Nebraska sources.
Estimate: $35,000,000

State Income Tax Refund
Statutory citation: 77-2716(3)
Description: A subtraction is allowed for any state income tax refund included in federal AGI.
Estimate: $1,065,000

Foreign Dividend Subtraction
Statutory citation: 77-2716(5)
Description: A subtraction is allowed from taxable income for any dividends received for a foreign corporation not subject to the Internal Revenue Code.
Estimate: Not available

IRC § 1341(A)(5) Exclusion
Statutory citation: 77-2716(7)
Description: Federal AGI is reduced by any amount repaid by the taxpayer under the federal claim of right principle.
Estimate: Not available

Contributions to the Nebraska Educational Savings Plan
Trust Statutory citation: 77-2716(8)(b)
Description: A subtraction is allowed from AGI (for individuals), and from taxable income (for corporations and fiduciaries), for any contribution as a participant in the Nebraska educational savings plan trust. The subtraction cannot exceed $5,000 for a married, filing separately return, or $10,000 for any other return.
Estimate: $5,670,000

Nebraska Standard Deduction
Statutory citation: 77-2716.01(3)
Description: An individual taxpayer not itemizing deductions is allowed a standard deduction equal to the smaller of the federal standard deduction or the Nebraska standard deduction amounts in § 77-2716.01(3)(b). Additional standard deduction amounts are allowed to elderly and blind taxpayers.
Assumption: No standard deduction and no itemized deduction.
Estimate: $590,000,000

Nebraska Itemized Deductions
Statutory citation: 77-2716.01(3)
Description: An individual taxpayer itemizing deductions for federal purposes is allowed the greater of either the Nebraska standard deduction or the federal itemized deduction, except for the amount deducted on the federal return for state and local income taxes paid.
Estimate: $80,000,000

Corporation Non-apportionable Income
Statutory citation: 77-2734.06
Description: Corporate taxpayers are allowed to deduct non-apportionable income, less related expenses from the income subject to apportionment.
Estimate: Not available

Corporation NOL and Capital Loss
Statutory citation: 77-2734.07
Description: Corporate taxpayers are required to add to federal taxable income any federal deduction due to a carryforward of an NOL or capital loss. Corporate taxpayers are allowed an NOL carryforward (if connected with operations in Nebraska). An NOL and a capital loss incurred in tax years beginning before January 1, 2014, may be carried forward for five taxable years following the year of the loss, and an NOL incurred in tax years beginning on and after January 1, 2014, may be carried forward for 20 tax years following the year of the loss. Corporate taxpayers are allowed a capital loss carryforward (if connected with operations in Nebraska) for five taxable years following the year of the loss. No carrybacks are allowed for either NOLs or capital losses.
Estimate: $32,600,000

Relocation Assistance Act Awards
Statutory citation: 76-1235
Description: Awards to displaced persons under the Relocation Assistance Act can be deducted if included in federal AGI.
Estimate: Not available

Exclusions

Dividends and Capital Gains Deduction
Statutory citation: 77-2715.09
Description: Resident individuals or trusts may elect to subtract from federal AGI or from taxable income, respectively, the extraordinary dividends paid on, and the capital gain from the sale or exchange of, capital stock of a corporation acquired by the individual (i) on account of employment by the corporation, or (ii) while employed by the corporation.
Estimate: $25,198,000

Non-Nebraska S Corporation and LLC Income/Loss Exclusion
Statutory citation: 77-2716(4)
Description: An exclusion is allowed from federal AGI (or for a fiduciary, federal taxable income) for the portion of the income or loss received from an S corporation or from a limited liability company (LLC), that is not connected with Nebraska sources as determined in § 77-2734.01.
Estimate: $53,000,000

Income Tax Exemption for Military Retirement Income
Statutory citation: 77-2716(15)
Description: A taxpayer may exclude 100% of the military retirement benefit income received by such individual to the extent included in federal adjusted gross income beginning with tax year on or after January 1, 2022.
Estimate: $17,864,000

Partial Income Tax Exemption for Social Security Income
Statutory citation: 77-2716(14)
Description: A taxpayer may subtract Social Security income included in federal adjusted gross income if a taxpayer's federal adjusted gross income is less than or equal to $61,760 for married couples, filing jointly, or $45,790 for all other tax returns. The threshold is indexed for inflation beginning in tax year 2020. If the taxpayer's federal adjusted gross income is more than the threshold for the 100% exclusion, the taxpayer may subtract 40% of Social Security income included in federal adjusted gross income for tax year 2022.
Estimate: $50,772,000

Achieving a Better Life Experience (ABLE) Account
Statutory citation: 77-2716(8)(b)
Description: Individual, corporations, or fiduciaries that make a contribution to an account as a participant under this Act and IRC § 529A to pay qualified expenses of a disabled person, may exclude from federal adjusted gross income or federal taxable income contributions to the account up to $5,000 for a married, filing separately return or $10,000 for any other return. The owner of the account may exclude any income earned by the account.
Estimate: $36,000

Credits[4]

Credit for Elderly and Disabled
Statutory citation: 77-2715.07(1)(a)
Description: A nonrefundable credit for qualified residents is allowed in an amount equal to 100% of the federal credit for the elderly and the disabled.
Estimate: $14,000

Credits for Child/Dependent Care
Statutory citation: 77-2715.07(2)
Description: A nonrefundable credit for qualified residents is allowed in an amount equal to 25% of the federal credit. For returns reporting federal AGI of $29,000 or less, a refundable credit equal to a percentage of the federal credit under IRC § 21 is allowed, whether or not the federal credit was limited by the federal tax liability. The percentage of the federal credit varies for incomes between $22,000 and $29,000.
Estimate: $12,900,000

Credit for Income Taxes Paid to another State
Statutory citation: 77-2715.07(1)(b), 77-1507(4)(a), 77-2730
Description: A resident individual and a resident estate or trust are allowed a credit against income tax for some or all of any income tax imposed on them for the taxable year by another state, political subdivision, or the District of Columbia on income derived from sources therein, which is also subject to Nebraska income tax.
Estimate: $71,519,000

[4] *The estimates are for tax year 2022 and are based on actual 2020 tax year data.*

School Readiness Income Tax Credit
Statutory citation: 77-3606
Description: A nonrefundable income tax credit to persons who own or operate an eligible childcare and education program that serves children who participate in the childcare subsidy program established in Neb. Rev. Stat. § 68-1202. A refundable income tax credit to staff members who are both employed with an eligible program for at least six months during the taxable year and are classified in the Nebraska Early Childhood Professional Record System.
The School Readiness income tax credit ended December 31, 2021.
Estimate: $710,000[5]

Volunteer Emergency Responders Income Tax Credit
Statutory citation: 77-3105
Description: An income tax credit for qualified active volunteer emergency responders, rescue squad members, and firefighters.
Estimate: $550,000

Purchase of a Residence in Extremely Blighted Area Tax Credit
Statutory citation: 77-2715.07(7)
Description: For taxable years beginning or deemed to begin on or after January 1, 2020, and before January 1, 2026, an individual can claim a $5,000 nonrefundable income tax credit for the purchase of a residence in an extremely blighted area. The credit may be carried forward to subsequent tax years until fully utilized.
Estimate: $530,000

Beginning Farmer Tax Credit
Statutory citation: 77-2715.07(2)(c), 77-5701 through 5715
Description: Individuals, estates, trusts, and corporations are allowed a refundable credit under the Beginning Farmer Tax Credit Act.
Estimate: $1,252,000

Community Development Tax Credit
Statutory citation: 77-2715.07(3)(b), 77-2715.07(4)(b), 77-2734.03(2), 13-203 through 13-207
Description: Individuals, estates, trusts, and corporations are allowed a credit for contributions to certified community betterment programs.
Estimate: $175,000

Credits for Franchise Tax Paid by Financial Institution
Statutory citation: 77-2715.07(5)(b)
Description: A nonrefundable credit for partners, S corporation shareholders, LLC members, or beneficiaries of an estate or trust who have ownership in a financial institution is allowed against an individual's income tax liability for 100% of the individual's share of the franchise taxes paid by the financial institution.
Estimate: $5,686,000

Refundable Earned Income Credits
Statutory citation: 77-2715.07(2)
Description: A refundable credit is allowed to resident individuals equal to 10% of the federal earned income credit.
Estimate: $32,965,000

[5] Tax year 2021 data as of August 1, 2022

Nebraska Personal Exemption Credit
Statutory citation: 77-2716.01
Description: A nonrefundable credit of $146 for 2022 is allowed to resident individuals for every personal exemption.
Estimate: $217,204,000

Resident of Two States
Statutory citation: 77-2731
Description: An individual considered to be a resident of Nebraska and of another state (dual state resident), is allowed a reduction of tax on the portion of income subject to tax in both jurisdictions, provided the other taxing jurisdiction allows a similar reduction.
Estimate: Minimal

Credit for In-lieu-of Intangible Tax Paid
Statutory citation: 77-2734.03, 77-908, 81-523, 44-4233
Description: A credit is allowed to insurers, for premium taxes paid.
Estimate: $27,000,000

Nebraska Property Tax Incentive
Statutory citation: 77-6703
Description: Provides a refundable income tax credit or credit against franchise tax for any taxpayer who pays school district taxes, which is property taxes levied by a school district or school system, excluding property taxes levied for bonded indebtedness and property taxes levied as a result of an override of limits on property tax levies approved by voters.
Estimates: $548,000,000

Nebraska Property Tax Incentive
Statutory citation: 77-6702
Description: Provides a refundable income tax credit or credit against franchise tax for any taxpayer who pays community college taxes paid.
Estimates: $50,000,000

Employment and Investment Growth Act (LB 775) Tax Incentive
Credits Statutory citation: 77-4101
Description: A taxpayer's business may be eligible for tax incentives under LB 775 if the business is in a qualified activity and the plans result in (a) the investment in qualified property of at least $3 million and the hiring of at least 30 new employees, or (b) the investment in qualified property of at least $10 million and the hiring of at least 100 new employees. New applications are no longer being accepted.
Estimate: See Section U.

Quality Jobs Act Credits
Statutory citation: 77-4901
Description: Taxpayers who have previously been approved may qualify for additional benefits beyond those received under § 77-4101 (LB 775). Each taxpayer must make an investment of $50 million in qualified property and hire 500 new employees, or $100 million in investment and hire 250 new employees by the end of the sixth year after filing of the application. New applications are no longer being accepted.
Estimate: See Section U.

Nebraska Advantage Act Credits
Statutory citation: 77-5701
Description: Businesses may qualify for benefits by meeting specified employment and/or investment requirements.
Estimate: See Section U.

Nebraska Advantage Research and Development Act Credits
Statutory citation: 77-5801
Description: Businesses which make investments in research and experimental activities in Nebraska are allowed a research tax credit equal to 15% of any federal credit allowed under I.R.C. § 41 of 1986, as amended. If the investment in research and experimental activities takes place on the campus of a college or university in Nebraska, or at a facility in Nebraska owned by a college or university, the credit is increased to 35%. The credit may be used to obtain a refund of sales and use taxes paid, or as a refundable income tax credit.
Estimate: See Section U.

Nebraska Advantage Act Microenterprise Tax Credit Act Statutory citation: 77-5901
Description: Businesses creating or expanding microbusinesses (five or fewer FTEs) are entitled to refundable tax credits equal to 20% of new investment or employment.
Estimate: See Section U.

Nebraska Advantage Rural Development Act Credits
Statutory citation: 77-27,188
Description: Income tax credits are available to businesses that make investment in new property and/or add employees. There are separate required levels of employment and investment for counties with populations of less than 25,000 and for those with less than 15,000.
Estimate: See Section U.

Renewable Energy Tax Credit
Statutory citation: 77-27,235
Description: Income tax credits or sales tax refunds are available to producers of electricity generated by a new zero emission facility based on kilowatt-hours generated.
Estimate: Minimal

New Markets Tax Credit
Statutory citation: 77-1113
Description: A person or entity that acquires a qualified equity investment earns a nonrefundable tax credit that may be used to offset the corporate income tax, the franchise tax imposed on a financial institution, or the premium tax imposed on an insurance company. The credit is equal to 39% of the qualified equity investment over five tax years.
Estimate: $10,500,000

Nebraska Job Creation Mainstreet Revitalization Act
Statutory citation: 77-2911
Description: The Act provides that no more than $15 million in Nebraska Historic Tax Credits (NHTCs) may be allocated annually, beginning January 1, 2015 and ending December 31, 2022. NHTCs are equal to 20% of eligible expenditures incurred for improvements to qualifying historically significant real property, limited to a $1 million tax credit per project. NHTCs may be used against income tax, the premium tax imposed on insurance companies, or the franchise tax imposed on financial institutions.
Estimate: $4,000,000

Affordable Housing Tax Credit Act
Statutory citation: 77-2501
Description: The Affordable Housing Tax Credit Act created a Nebraska state tax credit (AHTC) for developing affordable housing modeled after the federal low-income housing tax credit (LIHTC) provided in Section 42 of the Internal Revenue Code (IRC). The AHTC Act allows individuals, corporations, financial institutions, and insurance companies to claim nonrefundable tax credits. A qualified taxpayer may use the credits to offset income tax, the premium and related retaliatory tax imposed on insurance companies, and the franchise tax imposed on financial institutions.
Estimate: $11,600,000.

Preferential Tax Rates[6]

Individual and Fiduciary Income Tax Rates
Statutory citation: 77-2715.02
Description: The preferential rate is the difference between the top rate, 6.84%, and the lowest rate, 2.46%.
Estimate: $925,000,000

Corporation Income Tax Rates
Statutory citation: 77-2734.02(1)
Description: The corporation income tax rates are 5.58% applied to the first $100,000 of taxable income and a rate of 7.5% applied to the excess.
Estimate: $7,015,000

Insurance Company Tax Rates
Statutory citation: 77-2734.02(2)
Description: Insurance companies are subject to the lesser of the rates set under § 77-2734.02(1) or the rate of tax imposed in the state or country in which the insurance company is domiciled, if the state or country of domicile imposes a retaliatory tax on Nebraska insurance companies, which includes the Nebraska corporate income tax.
Estimate: Not available

Financial Institution Tax

Exemptions

Federal Credit Unions & Mutual Fund Companies
Statutory citation: 77-3802(1), 77-3801(4)(a),
Description: The franchise tax is not imposed on federal credit unions and mutual fund companies.
Estimate: $996,000

Credits

Community Development Assistance Act Tax Credit
Statutory citation: 13-201 through 13-208
Description: Financial institutions are allowed a credit for contributions to certified community betterment programs.
Estimate: Included in New Market Tax Credits, Nebraska Historic Tax Credits, and Affordable Housing Tax Credits.

[6] *The estimates are for tax year 2022 and are based on actual 2020 tax year data.*

Section C — Property Assessment

Basic Provisions and Tax Base

All property in the State of Nebraska is subject to property tax unless an exemption is mandated or permitted by the Nebraska Constitution art. VIII and enabling legislation is adopted by the Legislature. Federal law may supersede the Nebraska Constitution with regard to taxation of property owned by the federal government or its agencies or instrumentalities. All property in the State of Nebraska, which is subject to taxation, must be valued as of January 1, 12:01 a.m., of each year.

The county assessor is responsible for valuing all real and personal property with the exception of railroads, public service entities, and specific personal property of air carrier and rail car line companies, which are assessed by the Property Tax Administrator. The valuation of real property is determined according to professionally accepted mass appraisal techniques, including but not limited to the following: (1) sales comparison approach; (2) income approach; and (3) cost approach. The valuation of personal property is determined using a statutory method of depreciated values similar to the federal Modified Accelerated Cost Recovery System and 150% declining balance depreciation schedules.

All real property is assessed at or near 100% of actual value, except agricultural and horticultural land which is assessed at or near 75% of actual value. Agricultural and horticultural land receiving special valuation pursuant to Neb. Rev. Stat. § 77-1344 is assessed at or near 75% of its special value, which is the value of the land for agricultural and horticultural purposes uninfluenced by other uses, except that for school district taxes levied to pay the principal and interest on bonds that are approved by a vote of the people on or after January 1, 2022, such land has a 50% level of assessment. Personal property is assessed at 100% of the net book taxable value as determined by the statutory method.

Permissive exemptions are allowed for certain educational, religious, charitable, and cemetery organizations; and for agricultural and horticultural societies pursuant to Neb. Rev. Stat. § 77-202. The organization must file an application for exemption of real and/or personal property. The county assessor will recommend approval or denial to the county board of equalization which will meet to make the final decision regarding the application for exemption.

There are exemptions for business and agricultural inventory, and for certain business personal property belonging to qualifying companies under the Nebraska Advantage Act or the ImagiNE Nebraska Act. In addition, any tangible personal property purchased by a person operating a data center located in Nebraska, which is then incorporated into other tangible personal property for subsequent use outside the state by the same person operating a data center in this state, is exempt from the personal property tax.

Regarding renewable energy production, an exemption exists in Neb. Rev. Stat. § 77-6203 for any depreciable tangible personal property used directly in generating electricity using wind, solar, biomass, or landfill gas as the fuel source, if such depreciable tangible personal property was installed on or after January 1, 2016, and has a nameplate capacity of one hundred kilowatts or more. These renewable energy generation facilities instead pay a nameplate capacity tax in place of the personal property tax and the real property is assessed locally by the county assessor.

Motor vehicles, trailers, and semitrailers required to be registered for operation on the highways of Nebraska are exempt from property taxes, but are subject to motor vehicle taxes and fees in lieu of property taxes.

There is an exemption for certain personal property belonging to qualified beginning farmers, pursuant to Neb. Rev. Stat. § 77-5209.02 of the Beginning Farmer Act.[1]

[1] See Section B for expenditure estimate.

There is an exemption for either a mobile home or motor vehicle of any veteran of the United States Armed Forces who was honorably discharged and has a service-connected disability. See Exemption Application, Form 453.

For individuals, the homestead exemption program is designed to provide local property tax relief to qualifying elderly individuals, certain disabled veterans, and certain disabled individuals and their widow(er)s who own and live in the home for which an exemption application is made. The exemption applies to all or part of the property taxes levied against the home, with the State of Nebraska reimbursing counties from general fund revenues for those taxes exempted under the program (see Homestead Exemption).

The Property Tax Credit Act provides a real property tax credit based on the valuation of each parcel of real property compared to the valuation of all real property in the state. The tax credit amount varies each year depending on appropriation and value. The Act provides a real property tax credit (credit) based on the credit allocation valuation of each parcel of real property compared to the credit allocation valuation of all real property in the state. For purposes of the Act, credit allocation valuation means 120% of the taxable value of agricultural and horticultural land and agricultural and horticultural land receiving special valuation. For all real property, other than agricultural and horticultural land, credit allocation valuation means 100% of the taxable value. For tax year 2021 the tax credit rate for agricultural and horticultural land was $129.05 per $100,000 of value and the tax credit rate for all other real property was $107.55 (see section for Real Property Tax Credit).

The Nebraska Property Tax Incentive Act provides for a refundable income tax credit (credit) to any person or entity that pays school district and community college taxes in Nebraska. The credit is determined by multiplying the amount of taxes levied on real property in Nebraska by a school district or multiple district school system and community colleges, excluding property taxes levied for bonded indebtedness or any levy override approved by voters, by a credit percentage. The credit percentage equals the amount of dollars available for the credit divided by the total real property taxes levied for school and community college purposes. The amount of dollars available for the credit is $548 million for tax year 2022, increasing to $560.7 million for tax year 2023, and then increases those credits by the allowable growth percentage each year thereafter. Allowable growth percentage is defined as the percentage increase in the total assessed value of all real property in the state from the prior year to the current year, not to exceed 5% in a given year.

Between January 1 and March 19 of each year, the county assessor updates and revises the real property assessment roll. Each year between early April and May 15, the Tax Equalization and Review Commission has the authority to adjust the valuation of classes or subclasses of real property in any county in order to achieve equalization of property values. Decisions of the Tax Equalization and Review Commission may be appealed to the Nebraska Court of Appeals.

The county assessor revises the real property assessment rolls for any orders issued by the Tax Equalization and Review Commission and notifies property owners of value increases or decreases by June 1. Individual protests of real property valuations may be made to the county board of equalization. The county board of equalization may adjust the protested value of individual properties. Decisions of the county board of equalization may be appealed to the Tax Equalization and Review Commission.

Personal property is self-reported by the taxpayer, on or before May 1. If the county assessor makes changes to the reported valuation, a notice must be sent to the taxpayer. The action may be appealed to the county board of equalization.

On or before August 10, the Tax Equalization and Review Commission must equalize the real property of centrally-assessed railroad and public service companies with the statewide level of assessment. The Property Tax Administrator certifies centrally-assessed values to the counties.

On or before August 20, the county assessor compiles and certifies the total taxable value (real, personal, and centrally-assessed) to each local government taxing subdivision for rate setting purposes.

Each year, on or before October 20, the county board of equalization levies the necessary taxes, within the limits of the law, for operation of all functions of county government, school districts, cities, etc. The tax rates for these

various local government taxing subdivisions are determined by dividing the subdivision's annual tax request by the current total taxable value within their boundaries. The tax rates are expressed as $1 per $100 of taxable value.

Property taxes are determined by multiplying the property's taxable value by the total consolidated tax rate for the tax district where the property is located. The tax district is comprised of various governing bodies empowered to levy property taxes for services, such as county government, school district, city, etc.

On or before November 22, the county assessor transcribes the real property tax list and delivers it to the county treasurer for collection of property taxes. All real and personal property taxes, including taxes of centrally-assessed railroad and public service companies, are due December 31. The first half of the tax becomes delinquent on the following May 1, and the second half becomes delinquent on September 1; except in Douglas, Lancaster, and Sarpy counties, where the first half becomes delinquent on April 1 and the second half becomes delinquent on August 1.

More information is available at **revenue.nebraska.gov/PAD**.

Exemptions

The taxable value of exempt property (for example, governmental or permissive exempt) is not available. Due to the exempt status of the real property, the assessed value may not have been determined. The county assessor allocates time and resources to establishing the assessed values of taxable properties.

Statutory citation: 2-4243
Description: Property belonging to the Conservation Corporation.
Estimate: Not Available

Statutory citation: 3-209
Description: Airports and landing fields acquired by a municipality.
Estimate: Not Available

Statutory citation: 3-511
Description: Property belonging to city airport authorities.
Estimate: Not Available

Statutory citation: 3-621
Description: Property belonging to county airport authorities.
Estimate: Not Available

Statutory citation: 3-714
Description: Property belonging to joint airport authorities.
Estimate: Not Available

Statutory citation: 12-506
Description: Property belonging to cemetery associations.
Estimate: Not Available

Statutory citation: 12-517
Description: Burial lots sold by a cemetery association for interment.
Estimate: Not Available

Statutory citation: 14-812
Description: Property belonging to metropolitan cities.
Estimate: Not Available

Statutory citation: 14-1721
Description: Property belonging to municipal parking authorities.
Estimate: Not Available

Statutory citation: 14-1810
Description: Property belonging to metropolitan transit authorities.
Estimate: Not Available

Statutory citation: 15-844
Description: Property belonging to primary class cities.
Estimate: Not Available

Statutory citation: 21-2311
Description: Property belonging to industrial development public corporations.
Estimate: Not Available

Statutory citation: 23-35,117
Description: Property belonging to hospital authorities.
Estimate: Not Available

Statutory citation: 37-301
Description: Property held by the Nebraska Game and Parks Commission.
Estimate: Not Available

Statutory citation: 51-512
Description: Property belonging to public museums.
Estimate: Not Available

Statutory citation: 58-268
Description: Property belonging to the Nebraska Investment Finance Authority.
Estimate: Not Available

Statutory citation: 77-202(1)(a)&(b)
Description: Property of Nebraska and its governmental subdivisions.
Estimate: Not Available

Statutory citation: 77-202(1)(c)
Description: Property owned by and used exclusively for agricultural and horticultural societies.
Estimate: Not Available

Statutory citation: 77-202(1)(e)
Description: Household goods and personal effects when not used for profit.
Estimate: Not Available

Statutory citation: 77-202(2)
Description: Increased value of land due to shade or ornamental trees planted along the highway.
Estimate: Not Available

Statutory citation: 77-202(3)
Description: Tangible personal property that is not depreciable.
Estimate: Not Available

Statutory citation: 77-202(4)
Description: Motor vehicles, trailers, and semitrailers required to be registered for operation on the highways of Nebraska.
Estimate: Not Available

Statutory citation: 77-202(5)
Description: Business and agricultural inventory.
Estimate: Not Available

Statutory citation: 77-202(6)
Description: Any qualifying personal property as specified in the Employment and Investment Growth Act.
Estimate: See Section U

Statutory citation: 77-202(7)
Description: Livestock.
Estimate: Not Available

Statutory citation: 77-202(8)
Description: Any qualifying personal property as specified in the Nebraska Advantage Act
Estimate: Not Available

Statutory citation: 77-202(9)
Description: Any depreciable tangible personal property used directly in generating electricity using wind as the fuel source; any depreciable tangible personal property used directly in generating electricity using solar, biomass, or landfill gas as the fuel source if installed after January 1, 2016, and with a nameplate capacity of 100 kW or more.
Estimate: Not Available

Statutory citation: 77-202(10)
Description: Any tangible personal property acquired by a person operating a data center.
Estimate: Not Available

Statutory citation: 77-202.24
Description: A mobile home owned and occupied by a disabled or blind veteran.
Estimate: Not Available

Statutory citation: 77-212
Description: Space provided for supportive medical services to patients in hospitals is exempt from the in-lieu-of payment provided for in § 77-211.
Estimate: Not Available

Statutory citation: 77-4101, 77-4105, 77-5701, and 77-5725
Description: A taxpayer's business may qualify for tax incentives under the Employment and Investment Growth Act and/or the Nebraska Advantage Act based upon certain levels of investment and increased employment. If the taxpayer meets the criteria required, then certain personal property of the project may qualify for property tax exemption.
Estimate: See Section U

Statutory citation: 77-5201 through 77-5215
Description: The Beginning Farmer Act provides beginning farmers and livestock producers with personal property exemptions. Beginning farmers and livestock producers must be approved and certified by the Beginning Farmer Board to be eligible for the programs or exemption of personal property.
Estimate: See Section B – Income Tax Credit for Beginning Farmers

Statutory citation: 77-4209 through 77-4 912

Description: The Property Tax Credit Act provides a real property tax credit (credit) based on the credit allocation valuation of each parcel of real property compared to the credit allocation valuation of all real property in the state. For purposes of the Act, credit allocation valuation means 120% of the taxable value of agricultural and horticultural land and agricultural and horticultural land receiving special valuation. For all real property, other than agricultural and horticultural land, credit allocation valuation means 100% of the taxable value. The program was funded $300 million for tax year 2021 and a portion of the credit monies are returned as unused due to homestead exemptions.

Estimate: **$296,530,205**

Preferential Tax Rates and Valuation

Statutory citation: 77-201(2)

Description: Agricultural land and horticultural land is valued at 75% of its actual value, except that for school district taxes levied to pay the principal and interest on bonds that are approved by a vote of the people on or after January 1, 2022, such land shall be valued at 50% of its actual value.

Estimate: Not Available

Statutory citation: 77-201(3)

Description: Agricultural land and horticultural land receiving special valuation is valued at 75% of its special valuation, except that for school district taxes levied to pay the principal and interest on bonds that are approved by a vote of the people on or after January 1, 2022, such land shall be valued at 50% of its special valuation.

Estimate: Not Available

Statutory citation: 77-1385

Description: Historically significant real property which has received a final certificate of rehabilitation from the State Historic Preservation Officer is valued at its base-year value for eight years after the certificate is issued.

In the ninth year after the certificate is issued, the property is valued at the base-year value plus 25% of the difference between the base-year value and the current actual value.

In the 10th year after the certificate is issued, the property is valued at the base-year value plus 50% of the difference between the base-year value and the current actual value.

In the 11th year after the certificate is issued, the property is valued at the base-year value plus 75% of the difference between the base-year value and the current actual value.

In the 12th year after the certificate is issued, the property is valued at the current actual value.

Estimate: Not Available

Homestead Exemptions

A homestead exemption provides relief from property taxes by exempting all or a portion of the valuation of the homestead from taxation. The State of Nebraska reimburses the counties for the taxes lost due to homestead exemptions. A homestead exemption is available to three categories of homeowners: (1) persons over age 65; (2) individuals with certain disabilities; or (3) certain veterans that have been deemed to be totally disabled and their widowers.

More information regarding the homestead exemption program and the property tax relief it provides for qualified homeowners is available at **revenue.nebraska.gov/PAD**.

The total tax expenditure for the State of Nebraska in 2021 was $112,092,817. One hundred percent was reimbursed to the counties by the State of Nebraska. The table in Section C, page 7 lists the total homestead exemption to each county.

Sections 77-3507 and **77-3508**
For homesteads valued at or below the maximum value as defined in § 77-3505.02, a percentage of the exempt amount defined in § 77-3501.01(1), for claimants with household income as set out in the Nebraska Homestead Exemption Information Guide (2021 homestead exemption applications).

Section 77-3501.01 Exempt amount, defined:
(1) For purposes of § 77-3507, exempt amount means the lesser of (a) the taxable value of the homestead, or (b) 100% of the average assessed value of single-family residential property in the claimant's county of residence as determined in § 77-3506.02 or $40,000 whichever is greater.

(2) For purposes of § 77-3508 exempt amount means the lesser of (a) the taxable value of the homestead, or (b) 120% of the average assessed value of single-family residential property in the claimant's county of residence as determined in § 77-3506.02 or $50,000 whichever is greater.

(3) For purposes of § 77-3506, exempt amount shall mean the taxable value of the homestead.

Section 77-3505.02 Maximum value, defined:
(1) For applicants eligible under § 77-3507, 200% of the average assessed value of single family residential property in the claimant's county of residence as determined in § 77-3506.02 or $95,000, whichever is greater.

(2) For applicants eligible under §§ 77-3508, 225% of the average assessed value of single-family residential property in the claimant's county of residence as determined in § 77-3506.02 or $110,000, whichever is greater.

2021 Homestead Tax Loss

Updated figures based on Dec 2021

Adams	1,900,505	Furnas	146,207	Nuckolls	$151,151
Antelope	265,320	Gage	1,433,896	Otoe	$969,693
Arthur	8,738	Garden	54,450	Pawnee	$96,661
Banner	18,243	Garfield	151,075	Perkins	$111,067
Blaine	5,394	Gosper	121,386	Phelps	$477,899
Boone	196,890	Grant	9,732	Pierce	$386,829
Box Butte	482,983	Greeley	96,900	Platte	$1,947,713
Boyd	43,583	Hall	3,607,364	Polk	$244,131
Brown	152,953	Hamilton	472,614	Red Willow	$543,524
Buffalo	2,849,415	Harlan	160,877	Richardson	$321,282
Burt	396,815	Hayes	12,081	Rock	$33,595
Butler	336,139	Hitchcock	108,993	Saline	$602,193
Cass	2,033,234	Holt	400,781	Sarpy	$15,461,261
Cedar	346,966	Hooker	17,210	Saunders	$1,698,706
Chase	183,104	Howard	372,815	Scotts Bluff	$2,538,686
Cherry	147,454	Jefferson	407,424	Seward	$858,778
Cheyenne	658,898	Johnson	202,684	Sheridan	$199,258
Clay	279,369	Kearney	359,405	Sherman	$158,699
Colfax	357,372	Keith	549,653	Sioux	$22,071
Cuming	332,715	Keya Paha	11,175	Stanton	$355,315
Custer	572,960	Kimball	202,317	Thayer	$185,501
Dakota	828,103	Knox	325,136	Thomas	$21,821
Dawes	410,604	Lancaster	19,110,509	Thurston	$95,867
Dawson	1,007,770	Lincoln	2,006,963	Valley	$269,151
Deuel	93,725	Logan	33,896	Washington	$1,601,573
Dixon	229,921	Loup	17,418	Wayne	$254,979
Dodge	2,479,254	Madison	1,949,009	Webster	$113,440
Douglas	31,254,518	McPherson	8,800	Wheeler	$10,061
Dundy	27,173	Merrick	488,819	York	$564,542
Fillmore	199,233	Morrill	209,269	**State Total**	**$112,092,817**
Franklin	114,333	Nance	132,684		
Frontier	107,739	Nemaha	294,406		

Section D — Railroads, Public Service Entities, Car Lines, and Air Carrier Flight Equipment Property Tax

Basic Provisions and Tax Base

Property valued by the state includes those companies or industries that the Property Tax Administrator is statutorily responsible for determining a taxable valuation each year. Companies owning or leasing operating property are required to furnish information annually, on prescribed forms, to the Property Tax Administrator. "Taxable value" is defined as actual value for real property, franchise, and net book value for tangible depreciable personal property, excluding registered motor vehicles, which is determined by using a statutory method.

Railroads

Neb. Rev. Stat. § 77-601, et. al., requires the Property Tax Administrator to value the operating property of any company owning, controlling, or operating property used for railroad purposes.

The Property Tax Administrator determines the total taxable value of the railroad company, including real, franchise, and net book personal property, attributable to Nebraska. The Property Tax Administrator apportions the railroad's taxable value by taxing subdivision based on a statutory formula, as follows: (1) 5% is distributed to all taxing subdivisions where the railroad company has investment in general office buildings or machine and repair facilities; and (2) the balance is distributed to all taxing subdivisions based 50% on track mileage and 50% on traffic density. The value per mile of main track must equal twice the value per mile of side track. The apportioned value is certified by the Property Tax Administrator to the county assessor for assessment and tax collection.

Public Service Entities

Neb. Rev. Stat. § 77-801, et. al., requires the Property Tax Administrator to determine the total taxable value of public service entities, organized for profit under the laws of this state or any other state or government and engaged in the business of waterworks, electrical power, gas works, natural gas, telecommunications, and pipeline transmissions. Generally, the entities affected by this law fall into three groups: telecommunications; pipeline companies; and certain utility companies.

The Property Tax Administrator determines the total taxable value, including real, franchise, and net book personal property value attributable to Nebraska.

The Property Tax Administrator distributes the public service entity's taxable value to the various taxing subdivisions based on a ratio of the public service entity's original cost of all operating property located in the taxing subdivision compared to the original cost of all operating property located in the state. The Property Tax Administrator certifies the distributed taxable value of public service entities to the county assessor for assessment and tax collection at the local government level.

Car Line Companies

Neb. Rev. Stat. § 77-679, et. al., requires the assessment and taxation of car line companies. A "car line company" means any person, other than a railroad company, owning or operating any railroad cars of any description through, in, or into the State of Nebraska. The Property Tax Administrator determines the total taxable value (i.e., net book personal property value) of the car line company cars attributable to Nebraska. The Property Tax Administrator must levy against the value assessed, for property tax purposes, at a rate equal to the state's average tax rate.

The taxes are payable to the Property Tax Administrator, which are remitted, less a 3% collection fee, to the State Treasurer for distribution to the counties.

The car line taxes are distributed among the various taxing subdivisions in proportion to all railroad taxes levied pursuant to § 77-684.

The collection fee is remitted to the State Treasurer for credit to the DOR Property Assessment Division Cash Fund.

Air Carrier Flight Equipment

Neb. Rev. Stat. § 77-1245, et. al., requires the assessment and taxation of air carriers. An "air carrier" means any person, firm, or assignee engaged in interstate carriage of persons or cargo for hire by company or corporate aircraft. The Property Tax Administrator determines the total taxable value (i.e., net book personal property value of the air carrier's flight equipment) attributable to Nebraska. The Property Tax Administrator must levy against the value assessed, for property tax purposes, at a rate equal to the state's average tax rate.

The taxes are payable to the Property Tax Administrator which are remitted, less a 3% collection fee, to the State Treasurer for distribution to the counties.

The air carrier taxes are distributed to the counties as a credit to the county general fund in proportion to the amount the total property taxes levied in the county bears to the total property taxes levied in the state as a whole. The collection fee is remitted to the State Treasurer for credit to the DOR Property Assessment Division Cash Fund.

Exemptions

Statutory Citation: 77-4105 and/or 77-5725
Description: Railroad Personal Property
Public Service Entity Personal Property
Air Carrier Flight Equipment
Estimate: $0[1]

Deductions

Statutory Citation: 77-684
Description: Car line companies collection fee.
Estimate: $112,874[2]

Statutory Citation: 77-1250
Description: Air carriers collection fee.
Estimate: $23,099[2]

[1] *Based on tax year 2021 net book taxable personal property value exempted, multiplied by the state's average tax rate for 2021.*

[2] *Based on tax year 2020 net book taxable personal property of car line companies and air carriers; the 3% collection fee retained by the state as a credit to the DOR Property Assessment Division Cash Fund. (Tax year 2020 taxes are collected during 2021.)*

Section E — Alcoholic Beverages Tax and Fees

Basic Provisions and Tax Base

Neb. Rev. Stat. § 53-160 imposes a tax upon the privilege of doing business in Nebraska as a manufacturer or distributor of alcoholic liquors. The tax is imposed at the rate of 31 cents per gallon on all beer, 95 cents per gallon for wine, $3.75 per gallon on alcohol and spirits, and six cents per gallon for wine produced in farm wineries. Revenue raised from the gallonage tax is placed in the State General Fund. Neb. Rev. Stat. § 53-160.04 imposes a tax upon a business engaging as a manufacturer or wholesaler of ready-to-drink cocktails at a rate of $.95 per gallon. This is classification of excise tax was created in 2021 by LB274. Ready-to-drink cocktails are defined in § 53-103.49 as a beverage or confection containing spirits in an original package which contains 12.5% or less ABV.

Neb. Rev. Stat. §§ 53-124 and 53-131.01 provide that registration and annual license fees are paid to the Nebraska Liquor Control Commission. The law provides a schedule of license fees to be paid by manufacturers, distributors, and retailers of alcoholic beverages. In addition, Neb. Rev. Stat. § 53-132 allows for an occupation tax to be imposed by cities and villages.

The fees paid by manufacturers and distributors vary depending upon whether beer, wine, and/or spirits are handled by the licensee. Retailer's license fees vary depending upon: what alcoholic beverages are sold; whether sold for consumption on- or off-premises; whether sold in a village or larger community; whether issued to a privately-owned recreation area; whether issued to a nonprofit corporation for on premise consumption; whether issued to a municipal corporation, fine arts museum, or nonprofit religious or fraternal organization; whether issued to a restaurant for on premise consumption; whether issued to a railroad, passenger boat operator, non-beverage user, airline; or whether issued to a farm winery or brewpub. Nonprofit corporations can obtain a special designated permit for limited purposes.

The fees derived from local retail license fees by cities or villages are placed in the Common School Fund of the district lying wholly or partially within the corporate limits of the city or village. (See Neb. Rev. Stat. §§ 53-132 & 53-138.01) The fees raised from Special Designated Licenses are deposited into the State General Fund.

Annual license fees received by the Nebraska Liquor Control Commission are paid to the State Treasurer for deposit in the Common School Fund. Registration fees received by the Commission are placed in the State General Fund.

Beer Shipping License fees are credited to the Nebraska Beer Industry Promotional Fund beginning July 1, 2016 per Neb. Rev. Stat. § 53-123.15 (2).

Direct Shipper License fees are credited to the Winery & Grape Producers Promotional Fund per Neb. Rev. Stat. § 53-123.15 (4 & 5).

Exemptions

Statutory citation: 53-168.06
Description: The following activities are excluded from the definition of manufacturing and distribution and, therefore, are not subject to the Liquor Tax:

1) Possessing and transporting alcoholic liquors for the personal use of the possessor, his or her family, and guests;
Estimate: Not available

2) Making wine, cider, or other alcoholic beverages by an individual from fruits, vegetables, or grains (or the product thereof) by fermentation and without distillation if used solely for the use of the maker, his or her family, and guests;
Estimate: Not available

3) Possession and use by a licensed practicing physician, dentist, hospital, or pharmacist in the practice of his or her profession, treating patients, or compounding prescriptions for treatment;
Estimate: Minimal

4) Possessing and dispensing wine by an authorized representative of any church for the purpose of conducting any bonafide rite or religious ceremony conducted by the church.
Estimate: Not available

Statutory citation: 53-164.01
Description: Liquors shipped out-of-state for sale or consumption outside Nebraska are exempt.
Estimate: Not available

Statutory citation: 53-160
Description: Dry or fortified wines manufactured or imported solely and exclusively for sacramental purposes are exempt.
Estimate: Not available

Description: The tax is not imposed upon any beer sold to a manufacturer consumer for use in the manufacture of: patent and proprietary medicines and medicinal, antiseptic, and toilet preparation; flavoring extracts in syrups and food products; scientific, industrial and chemical products, excepting denatured alcohol; and for scientific, chemical, experimental or mechanical purposes.
Estimate: Not available

Description: The tax is not imposed upon the privilege of engaging in any business in interstate commerce or otherwise where taxation is prohibited under the United States Constitution and federal law.
Estimate: Not available (State taxation prohibited).

Statutory citation: 53-160.01
Description: No direct or indirect excise tax is imposed upon selling, using, delivering or storing articles of merchandise to or by any instrumentality of the U.S. armed forces engaged in resale activity.
Estimate: Not available (State taxation prohibited)

Deductions

Statutory citation: 53-164.01
Description: The manufacturer or distributor is allowed a discount of 1% of the tax on alcoholic liquors for the timely payment of the tax due the Nebraska Liquor Control Commission.
Estimate: $312,764

Credits

Statutory citation: 53-161
Description: A credit is allowed to a distributor or manufacturer for tax paid on: (1) beer shipped out-of-Nebraska for sale and consumption outside the state; or (2) beer returned to the manufacturer for credit, substitution, or replacement.
Estimate: $111,000

Statutory citation: 53-164.01
Description: A credit is allowed to a manufacturer or distributor for the amount of tax paid on beer sold or delivered to any instrumentality of the U.S. armed forces engaged in resale activities.
Estimate: $23,000

Preferential Tax Rates

Statutory citation: 53-160
Description: Different rates of tax per gallon are levied depending upon the class of alcoholic beverage and its alcoholic content. The following are the applicable rates per gallon, operative July 1, 2003.

Beer: $0.32 per gallon (Hard Cider under 8.5% of alcohol content)
Estimate: A one-cent variation in the tax would result in a revenue change of $467,000.

Wine: $1 per gallon (14% or under of alcohol content)
Estimate: A five-cent variation in the tax would result in a revenue change of $169,000.

Alcohol and Spirits: $3.80 per gallon
Estimate: A five-cent variation in the tax would result in a revenue change of $181,000.

Wine from Farm Wineries: $0.11 per gallon
Estimate: A one-cent variation in the tax would result in a revenue change of $5,000.

Wine from Direct Shippers: $1 per gallon
Estimate: A five-cent variation in the tax would result in a revenue change of $3,500.

Micro Distilleries: $3.80 per gallon
Estimate: A five-cent variation in the tax would result in a revenue change of $810.

Section F — Bingo, Lottery, Raffle, and Lottery by Pickle Card Tax

Basic Provisions and Tax Base

Bingo

A nonprofit organization wishing to conduct bingo where: (1) a charge is made to participate; or (2) any prize to be awarded exceeds $25 in value, must apply for and obtain a license from the Nebraska Department of Revenue (DOR). DOR will issue a qualifying nonprofit organization either a Class I Bingo License (annual bingo gross receipts less than $100,000) or a Class II Bingo License (annual bingo gross receipts of $100,000 or more).

All licensed organizations are subject to a tax of 3% of the bingo gross receipts. Bingo gross receipts include the sale or rental of all bingo cards, any rental fees charged for the use of bingo card monitoring devices, and admission charges. The bingo tax return is filed on a quarterly basis. A licensed organization cannot hold more than ten bingo occasions per month. Sales or rentals of bingo cards to the public are not subject to sales tax. The proceeds from conducting bingo must be used by the organization for a lawful purpose.

A qualifying nonprofit organization not holding a bingo license can apply for a Special Event Bingo permit. A Special Event Bingo permit allows small-stakes bingo games by an organization at a special event where bingo is not the primary function of the event. An organization may apply for two Special Event Bingo permits per calendar year, for an aggregate total of not more than 14 days. Special Event bingo cards cannot be sold for more than 25 cents per card, and individual prizes are limited to no more than $25 in value. Special Event Bingo is exempt from the licensing, tax, and reporting requirements imposed on licensed organizations. The proceeds from special event bingo must be used for a charitable or community betterment purpose.

All licensed organizations must purchase bingo equipment only from a licensed distributor. A licensed distributor must purchase bingo equipment only from a licensed manufacturer. Both distributors and manufacturers must obtain licenses from DOR.

Lottery by Pickle Card

A nonprofit organization wishing to sell pickle cards must apply for and obtain a license from DOR. There are two classes of licenses issued that authorize the sale of pickle cards. A Class I license allows pickle card sales at the nonprofit organization's location, including where it conducts bingo games. A Class II license permits the sale of pickle cards at the organization's location, its bingo occasions, and at certain retail locations, known as pickle card operators. Any person or business holding a retail liquor license with the Nebraska Liquor Control Commission may apply to DOR to obtain a pickle card operator's license. If a licensed organization sells pickle cards at the location of a pickle card operator, it must also license at least one of its members as a sales agent. A sales agent is responsible for all marketing activity with a pickle card operator relative to selling the licensed organization's pickle cards. A licensed organization must apply for and obtain a pickle card operator authorization from DOR for each pickle card operator location selling the licensed organization's pickle cards. The proceeds from a lottery by the sale of pickle cards must be used by the organization for a lawful purpose.

All licensed organizations must purchase pickle card units only from a licensed distributor. A licensed distributor must purchase pickle card units only from a licensed manufacturer. Both distributors and manufacturers must obtain licenses from DOR.

A licensed distributor selling pickle card units to a licensed organization is subject to a tax of 10% of the definite profit of each pickle card unit sold. The "definite profit of a pickle card unit" is the gross proceeds of

the unit less all possible prizes. The gross proceeds of a unit is determined by multiplying the number of pickle cards in the unit by the selling price per individual pickle card. The pickle card tax return is filed on a monthly basis. The tax paid by the licensed distributor is passed along to the licensed organization as a part of the selling price of a pickle card unit. The appropriate sales tax is also due on the sale of each pickle card unit, unless the licensed organization purchasing the unit is exempt from paying sales tax. Selling individual pickle cards to the public either by a licensed organization or a licensed pickle card operator is not subject to sales tax.

If a licensed organization or pickle card operator uses a coin or currency-activated pickle card dispensing device, this device must be registered with DOR. An annual registration fee is required and each device must be affixed with a registration decal issued by DOR.

Lottery/Raffle

A nonprofit organization wishing to conduct a lottery (primarily cash prizes) with gross proceeds in excess of $1,000, or a raffle (at least 80% of prizes are merchandise) with gross proceeds in excess of $5,000, must first apply for and obtain a license from DOR. The permissible forms of winner determination for a lottery or raffle are limited to: (1) a random ticket drawing; or (2) a race using inanimate, buoyant objects floated along a river, canal, or other waterway (duck races).

Lotteries exceeding $1,000 in gross proceeds and raffles exceeding $5,000 in gross proceeds are subject to a tax of 2% of the gross proceeds. The gross proceeds are based upon the selling price of the lottery or raffle ticket and include the value of any free tickets given away and any other consideration which is required to be paid by a participant in order to be eligible for the drawing. Selling lottery or raffle tickets to the public is not subject to sales tax.

The lottery/raffle tax return is filed annually, even if the gross proceeds for the tax period do not exceed the $1,000/$5,000 threshold. Upon the conclusion of the lottery or raffle, if the licensed organization's actual gross proceeds did not exceed the $1,000/$5,000 threshold, the licensed organization may request a refund of any tax previously paid. Proceeds from a lottery or raffle must be used for a lawful purpose.

County/City Lottery

Any county, city, or village that has approved a lottery in a special or regularly-scheduled election must apply for and obtain a license from DOR prior to commencing the lottery activity. There are two forms of authorized lottery activity for a county, city, or village: (1) a traditional ticket drawing where winners are determined by a random drawing; and (2) keno. A community which has approved a lottery may conduct the lottery on its own, or contract with another person or business to conduct the lottery on its behalf. The person or business that contracts with the community is called a "lottery operator." A lottery operator must apply for and obtain a license from DOR. In addition to the licensing requirements for the community and the lottery operator, all persons who perform any work directly related to conducting the lottery, other than a person whose sole responsibilities are as a keno writer, must apply for and obtain a lottery worker license from DOR. Any location where tickets are going to be sold, other than the lottery operator's location, must also be licensed as a sales outlet location.

A tax of 2% of the gross proceeds must be remitted to DOR on a quarterly basis by the county, city, or village. The net proceeds of the lottery must be used by the county, city, or village for community betterment purposes. Lottery equipment must be purchased only from a licensed manufacturer-distributor. A manufacturer-distributor of lottery equipment must obtain a license from DOR.

Tax Allocation

Forty percent of all taxes collected and referred to in this section are credited to the Charitable Gaming Operations Fund for administration and enforcement of the charitable gaming laws by DOR's Charitable Gaming Division. The remaining 60% is transferred to the General Fund. Beginning July 1, 2021, on or before November 1 each year, the State Treasurer shall transfer $100,000 from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund, except that no transfer will occur if the Charitable Gaming Operations Fund contains less than one hundred thousand dollars. Any funds remaining in the Charitable Gaming Operations Fund after the transfer to the Compulsive Gamblers Assistance Fund, which was not used by the Charitable Gaming Division for its administrative and enforcement duties, may be transferred to the General Fund at the direction of the Legislature.

Exemptions

Statutory citation: Neb. Rev. Stat. § 9-230
Description: The bingo tax does not apply to any bingo game for which no charge is made to participate, and no prize awarded exceeds $25 in value. The bingo tax does not apply to Special Event Bingo.
Estimate: Minimal

Statutory citation: Regulation 35-215.01A
Description: The bingo tax applies to the bingo gross receipts of the licensed organization. This tax does not apply to the sale of bingo equipment and supplies by a licensed distributor to a licensed organization, or to the sale of bingo supplies by some other retail business to the general public.
Estimate: Minimal

Statutory citation: Neb. Rev. Stat. § 9-429
Description: The lottery/raffle tax does not apply to any lottery conducted by a nonprofit organization when the gross proceeds do not exceed $1,000, or to any raffle when the gross proceeds do not exceed $5,000.
Estimate: Not Available

Statutory citation: 4 U.S.C. 109 and 25 U.S.C. 2701, et al.
Description: The bingo tax imposed by Neb. Rev. Stat. § 9-230 on the gross receipts of a licensed organization is not applicable to bingo activity conducted by a federally recognized Indian tribe in Indian country within Nebraska. In addition, the pickle card tax imposed by Neb. Rev. Stat. § 9-344 on a licensed distributor is not applicable to pickle card units sold by a licensed distributor to a federally recognized Indian tribe located either within Nebraska or located in another state if the sale of these pickle cards occurs only at the tribe's bingo operation in Indian country. Federal law prohibits state taxation relative to these activities.
Estimate: Not Available (State Taxation Prohibited)

Section G — Cigarette Tax

Basic Provisions and Tax Base

The Nebraska cigarette tax is a special privilege tax paid by every person engaged in distributing or selling cigarettes at wholesale in Nebraska. Each stamping agent who obtains an annual Nebraska Stamping Agent's License must pay an application fee of $500, which is placed in the State General Fund. On packages containing 20 or fewer cigarettes, a tax of 64 cents per package is paid. On packages containing more than 20 cigarettes, a tax of 64 cents for the first 20 cigarettes plus a tax of 1/20 of 64 cents on each cigarette in excess of 20 cigarettes is paid, in addition to all other taxes. A cigarette tax stamp is placed on each package of cigarettes as proof of cigarette tax paid.

The distribution of Nebraska cigarette tax revenues can be found on the Department of Revenue's website revenue.nebraska.gov under Research Reports. The Nebraska Tax Rate Chronologies are updated quarterly.

Exemptions

Statutory citation: Neb. Rev. Stat. § 77-2607
Description: The portion of the stamping agent's stock of cigarettes which is not intended to be sold or given away in Nebraska is exempt from the tax, unless the stock is not out of the dealer's possession within 30 days of receipt.
Estimate: Not Available

Statutory citation: 4 U.S.C. 107
Description: Federal law prohibits state taxation of cigarettes sold to the U.S. government or any of its agencies.
Estimate: $0

Deductions

Statutory citation: Neb. Rev. Stat. § 77-2608
Description: The Tax Commissioner sells the cigarette tax stamps only to licensed stamping agents. The sale of cigarette tax stamps to licensed stamping agents in Nebraska or outside of Nebraska is authorized at a discount of 1.85% of the face value of the cigarette tax as a commission for affixing and canceling the cigarette tax stamps.
Estimate: $847,000

Credits

Statutory citation: Neb. Rev. Stat. § 77-2610
Description: Any unused or spoiled stamps are redeemed by the Tax Commissioner and a refund is made in the amount of the stamps less the commission for affixing the stamps.
Estimate: $1,000

Statutory citation: 4 U.S.C. 109, et al.

Description: Federal statutes and treaties prohibit state taxation of cigarettes sold to Native American Indians in Indian country within Nebraska. A credit is allowed by the state to licensed cigarette stamping agents for the amount of tax credited by them to retailers who make exempt sales of cigarettes to Native American Indians.

Estimate: $132,000 (State taxation Prohibited)

Source: U.S. Census

Section H — Corporation Occupation Tax

Basic Provisions and Tax Base

A biennial occupation tax is levied against domestic and foreign corporations. The tax is due March 1 of each even-numbered year. The tax levied against domestic corporations is calculated based on the amount of paid-up capital stock of the corporation.

Nebraska Corporation Occupation Tax Fee Schedule

Amount of Paid-Up Capital Stock[1]	Tax Fee	Amount of Paid-Up Capital Stock[1]	Tax Fee
$0.00 - $10,000	$26	$450,000.01 - $500,000	$800
10,000.01 - 20,000	40	500,000.01 - 600,000	910
20,000.01 - 30,000	60	600,000.01 - 700,000	1,010
30,000.01 - 40,000	80	700,000.01 - 800,000	1,120
40,000.01 - 50,000	100	800,000.01 - 900,000	1,230
50,000.01 - 60,000	120	900,000.01 - 1,000,000	1,330
60,000.01 - 70,000	140	1,000,000.01 - 2,000,000	2,130
70,000.01 - 80,000	160	2,000,000.01 - 3,000,000	2,930
80,000.01 - 90,000	180	3,000,000.01 - 4,000,000	3,730
90,000.01 - 100,000	200	4,000,000.01 - 5,000,000	4,530
100,000.01 - 125,000	240	5,000,000.01 - 6,000,000	5,330
125,000.01 - 150,000	280	6,000,000.01 - 7,000,000	6,130
150,000.01 - 175,000	320	7,000,000.01 - 8,000,000	6,930
175,000.01 - 200,000	360	8,000,000.01 - 9,000,000	7,730
200,000.01 - 225,000	400	9,000,000.01 - 10,000,000	8,530
225,000.01 - 250,000	440	10,000,000.01 - 15,000,000	12,000
250,000.01 - 275,000	480	15,000,000.01 - 20,000,000	14,660
275,000.01 - 300,000	520	20,000,000.01 - 25,000,000	17,330
300,000.01 - 325,000	560	25,000,000.01 - 50,000,000	20,660
325,000.01 - 350,000	600	50,000,000.01 - 100,000,000	21,330
350,000.01 - 400,000	666	When paid-up capital stock	
400,000.01 - 450,000	730	exceeds $100,000,000	23,990

The occupation tax and biennial fees for business corporations are deposited in the State General Fund.

The tax levied against foreign corporations is based on the actual value of all real estate and personal property employed in Nebraska by the foreign corporation in the transaction of its business (Neb. Rev. Stat. § 21-306).

[1] *For purposes of Chapter 21, Article 3, the term "paid-up capital stock" means, the sum of the par value of all shares of capital stock of the corporation issued and outstanding (Neb. Rev. Stat. § 21-329).*

Nebraska Corporation Occupation Tax Fee Schedule for Foreign Corporations

Amount of Assets in Nebraska	Tax Fee	Amount of Assets in Nebraska	Tax Fee
$0.00 - $10,000	$52	$350,000.01 - $400,000	$1,332
10,000.01 - 20,000	80	400,000.01 - 450,000	1,460
20,000.01 - 30,000	120	450,000.01 - 500,000	1,600
30,000.01 - 40,000	160	500,000.01 - 600,000	1,820
40,000.01 - 50,000	200	600,000.01 - 700,000	2,020
50,000.01 - 60,000	240	700,000.01 - 800,000	2,240
60,000.01 - 70,000	280	800,000.01 - 900,000	2,460
70,000.01 - 80,000	320	900,000.01 - 1,000,000	2,660
80,000.01 - 90,000	360	1,000,000.01 - 2,000,000	4,260
90,000.01 - 100,000	400	2,000,000.01 - 3,000,000	5,860
100,000.01 - 125,000	480	3,000,000.01 - 4,000,000	7,460
125,000.01 - 150,000	560	4,000,000.01 - 5,000,000	9,060
150,000.01 - 175,000	640	5,000,000.01 - 6,000,000	10,660
175,000.01 - 200,000	720	6,000,000.01 - 7,000,000	12,260
200,000.01 - 225,000	800	7,000,000.01 - 8,000,000	13,860
225,000.01 - 250,000	880	8,000,000.01 - 9,000,000	15,460
250,000.01 - 275,000	960	9,000,000.01 - 10,000,000	17,060
275,000.01 - 300,000	1,040	10,000,000.01 - 15,000,000	24,000
300,000.01 - 325,000	1,120	15,000,000.01 - 20,000,000	29,320
325,000.01 - 350,000	1,200	When assets exceed 20,000,000	30,000

Domestic and foreign corporations that have been dissolved by operation of law for failure to file a report and pay the tax may be reinstated. To be reinstated, corporations must: file an application for reinstatement; pay a filing fee; pay all taxes due; and pay a variable statutory percent penalty calculated to the date of reinstatement (Neb. Rev. Stat. §§ 21-323.01, 21-325.01). Reinstatement more than five years after dissolution carries an additional $500 fee.

A biennial fee of $30 if submitted in writing, or $25 if submitted electronically, is levied against nonprofit corporations. The fee is collected in the odd-numbered years on a biennial basis and remitted to the State Treasurer. 60% of the fee is credited to the General Fund and the remaining 40% to the Secretary of State Cash Fund.

Exemptions

Statutory Reference: 21-321

Description: All banking, insurance, and building and loan association corporations paying fees and making reports to the Director of Insurance or the Director of Banking and Finance, and all other corporations paying an occupation tax to the state under any other statutory provisions than those of §§ 21-301 to 21-330, are exempt from the corporation occupation tax.

Estimate: Not Available

Section I — Documentary Stamp Tax

Basic Provisions and Tax Base

The documentary stamp tax is a tax imposed on the grantor executing a deed for the privilege of transferring beneficial interest in or legal title to real estate. The tax rate is $2.25 for each $1,000 of value (or fraction thereof) of the real estate transferred. All deeds are presumed taxable unless it clearly appears on the face of the deed or sufficient documented proof is presented to the register of deeds that the instrument is exempt under Neb. Rev. Stat. § 76-902.

From each $2.25 of the tax collected, the register of deeds retains $0.50 to be placed in the county general fund, and remits the balance to the State Treasurer. The State Treasurer credits $0.95 of this amount to the Affordable Housing Trust Fund, $0.25 to the Homeless Shelter Assistance Trust Fund, $0.25 to the Site and Building Development Fund, and $0.30 to the Behavioral Health Services Fund.

For tax year 2021, there was a total of 89,829 transactions (61,819 taxable and 28,010 nontaxable). Total collections for tax year 2021 were $38,289,232. From this total, $8,507,867 was retained by the counties and $29,781,364 was credited to the funds listed above.

Exemptions

****All the estimates of expenditure for the following exemptions are not available. ****

Statutory citation: 76-902(1)
Description: Deeds recorded prior to November 18, 1965.

Statutory citation: 76-902(2)
Description: Deeds to property transferred by or to the U.S., the State of Nebraska, or any of their instrumentalities, agencies, or subdivisions.

Statutory citation: 76-902(3)
Description: Deeds which secure or release a debt or other obligation.

Statutory citation: 76-902(4)
Description: Deeds which, without additional consideration, confirm, correct, modify, or supplement a deed previously recorded; that do not extend or limit existing title or interest.

Statutory citation: 76-902(5)
Description: Deeds between husband and wife, parent and child, or between ex-spouses conveying property acquired or held during the marriage, without consideration, and deeds to or from a family corporation, partnership, or limited liability company.

Statutory citation: 76-902(6)
Description: Tax deeds.

Statutory citation: 76-902(7)
Description: Deeds of partition.

Statutory citation: 76-902(8)
Description: Deeds for mergers, consolidations, sales, or transfers of the assets of corporations due to the plans of merger or consolidation.

Statutory citation: 76-902(9)
Description: Deeds made by a subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock.

Statutory citation: 76-902(10)
Description: Cemetery deeds.

Statutory citation: 76-902(11)
Description: Mineral deeds.

Statutory citation: 76-902(12)
Description: Deeds executed pursuant to court decrees.

Statutory citation: 76-902(13)
Description: Land contracts.

Statutory citation: 76-902(14)
Description: Deeds which release a reversionary interest, a condition subsequent or precedent, a restriction, or any other contingent interest.

Statutory citation: 76-902(15)
Description: Deeds of distribution by a personal representative conveying property passing by testate or interstate succession.

Statutory citation: 76-902(16)
Description: Transfer on death deeds or revocations of transfer on death deeds.

Statutory citation: 76-902(17)
Description: Certified or authenticated death certificates.

Statutory citation: 76-902(18)
Description: Deeds transferring property located within the boundaries of an Indian reservation if the grantor or grantee is a Native American living in Indian country.

Statutory citation: 76-902(19)
Description: Deeds transferring property into a trust where the transfer of the same property would be exempt if the transfer were made directly from the grantor to the beneficiaries under the trust.

Statutory citation: 76-902(20)
Description: Deeds transferring property from a trustee to a beneficiary of a trust.

Statutory citation: 76-902(21)
Description: Deeds that convey property held in the name of any partnership or limited liability company not subject to subdivision (5) of this section to any partner in the partnership or member of the limited liability company or his or her spouse.

Statutory citation: 76-902(22)
Description: Leases.

Statutory citation: 76-902(23)
Description: Easements.

Statutory citation: 76-902(24)
Description: Deeds which transfer title from a trustee to a beneficiary pursuant to a power of sale exercised by a trustee under a trust deed.

Statutory citation: 76-902(25)

Description: Deeds transferring property, without actual consideration therefor, to a nonprofit organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined in section 509(a) of the Internal Revenue Code.

Section J — Inheritance Tax

Basic Provisions and Tax Base

The inheritance tax in Nebraska is administered by the county court of the county where the decedent resided or where the real or personal property is located. The tax is levied as a percentage of the clear market value of the property, including proceeds of insurance upon the life of the decedent, that to the extent the benefit is recovered by the personal representation transferred by will or by the intestate laws from any person who, at the time of death, was a Nebraska resident or if a nonresident, possessed nonexempt property located within the State of Nebraska. The rate is determined by the relationship between the decedent and the beneficiary.

The inheritance tax is required to be apportioned among the counties in the same ratio that the gross property (including both taxable and nontaxable property) in each county bears to the gross value of all property reportable for inheritance tax purposes.

All inheritance tax revenue is credited to the county general fund or to any other fund of the county selected by the county board.

Exemptions

Statutory citation: 77-2004 and 30-2322
Description: The homestead allowance is exempt. A surviving spouse of a decedent who was domiciled in Nebraska is entitled to a homestead allowance of $20,000. If there is no surviving spouse, each minor or dependent child of the decedent is entitled to a homestead allowance of $20,000 divided by the number of minor and dependent children of the decedent.
Estimate: Not Available

Statutory citation: 77-2004 and 30-2323
Description: The surviving spouse or children of a decedent who was domiciled in Nebraska is entitled to an amount not exceeding $2,500 in excess of any security interest, of household furniture, automobiles, furnishings, appliances, and personal effects.
Estimate: Not Available

Statutory citation: 77-2004, 30-2324, and 30-2325
Description: The family maintenance allowance is exempt. If the decedent was domiciled in Nebraska, the surviving spouse and minor children whom the decedent was obligated to support, and children who were in fact being supported by the decedent, are entitled to a reasonable monetary allowance during the administration of the estate up to $20,000 total without a court order.
Estimate: Not Available

Statutory citation: 77-2004
Description: The first $40,000 of the clear market value of property received by each lineal relative or sibling of the decedent is exempt, for decedents dying prior to January 1, 2023. For decedents dying on or after January 1, 2023, the first $100,000 of the clear market value of the property received by each lineal relative or sibling of the decedent is exempt.
Estimate: Not Available

Statutory citation: 77-2004
Description: Interests passing to the surviving spouse are exempt.
Estimate: Not Available

Statutory citation: 77-2005
Description: The first $15,000 of the clear market value of property received by each cousin and other remote relative of the decedent is exempt, for decedents dying prior to January 1, 2023. For decedents dying on or after January 1, 2023, the first $40,000 of the clear market value of the property received by each cousin and other remote relative of the decedent is exempt.
Estimate: Not Available

Statutory citation: 77-2006
Description: The first $10,000 of the clear market value of the beneficial interest in the estate received by someone other than a relative is exempt, for decedents dying prior to January 1, 2023. For decedents dying on or after January 1, 2023, the first $25,000 of the clear market value of the beneficial interests received by someone other than a relative is exempt.
Estimate: Not Available

Statutory citation: 77-2007
Description: Payments received by an estate under an employee benefit plan are exempt to the extent that the benefit is life insurance otherwise excluded from the tax, or the benefit is not subject to the federal estate tax.
Estimate: Not Available

Statutory citation: 77-2007.03
Description: Property transferred to either: (1) the U.S. or any of its departments, instrumentalities, or agencies; or (2) Nebraska or any of its governmental subdivisions, departments, agencies, or instrumentalities, any municipal corporation or body politic created by or under the laws of Nebraska, or any agency, institution, foundation, or fund administered or operated by any of these entities is exempt.
Estimate: Not Available (State taxation prohibited)

Statutory citation: 77-2007.04
Description: All inheritances to or for the use of any corporation, organization, association, society, institution, or foundation organized and operating exclusively for religious, charitable, public, scientific, or educational purposes, is exempt if certain conditions are met.
Estimate: Not Available

Credits

Statutory citation: 77-2018.06
Description: When a decedent has received property from another person who died within five years prior to the death of the decedent, upon which Nebraska inheritance tax was paid, the tax paid is allowed as a credit against the amount of inheritance tax assessed against the recipients of property from the estate of the decedent.
Estimate: Not Available

Preferential Tax Rates

Statutory citation: 77-2004, 77-2005, and 77-2006

Description: Property transferred to lineal relatives and siblings, remote relatives, and others are taxed at the rates:

For decedents dying prior to January 1, 2023

- Lineal relatives and siblings
  - $0 - $40,000 at 0%
  - $40,000.01 & over at 1%
- Remote relatives
  - $0 - $15,000 at 0%
  - $15,000.01 & over at 13%
- Non-relatives
  - $0-10,000 at 0%
  - $10,000.01 & over at 18%

For decedents dying on or after January 1, 2023

- Lineal relatives and siblings
  - $0 - $100,000 at 0%
  - $100,000.01 & over at 1%
- Remote relatives
  - $0 - $40,000 at 0%
  - $40,000.01 & over at 11%
- Non-relatives
  - $0-25,000 at 0%
  - $25,000.01 & over at 15%

Estimate: Not Available

Section K — Insurance Premium Tax

Basic Provisions and Tax Base

Each insurance company organized as a stock, mutual, assessment, or reciprocal insurer, and every nonprofit hospital service corporation (except fraternal benefit societies) which transacts business in Nebraska, is required to pay a tax to the Director of Insurance (Director) on or before March 1 of each year. This is in lieu of any other intangible property tax of 1% of the gross amount of direct written premiums received by it during the preceding calendar year for business done in Nebraska. Exceptions to this include: (1) for group sickness and accident insurance, the rate of tax is 0.5%; and (2) for property and casualty insurance, excluding individual sickness and accident insurance, the rate is 1%. A captive insurer authorized under the Captive Insurers Act that is transacting business in Nebraska is required to pay a tax to the Director, on or before March 1 of each year, of .25% of the gross amount of direct writing premiums received by it during the preceding calendar year for business done in Nebraska.

The taxable premiums include premiums paid on the lives of persons residing in Nebraska and premiums paid for risks located in Nebraska, whether or not the insurance written in Nebraska. When insurance is written on a group which exceeds 500 lives, the taxable premium includes the portion of the premium paid for insurance on Nebraska residents or risks located in Nebraska. The tax also applies to premiums received by domestic companies for insurance written on individuals residing outside Nebraska, or risks located outside Nebraska, if no comparable tax is paid by the direct writing domestic company to any other appropriate taxing authority.

Insurance companies whose plan of operation contemplates the return of a portion of premiums to policyholders, without the policyholders being claimants of the term of their policies, may deduct the returned premiums or dividends from their gross premiums for the purpose of calculating premium tax liability.

The Director is required to transmit 50% of the taxes paid to the Insurance Tax Fund, 40% to the General Fund, and 10% to the Mutual Finance Assistance Fund promptly upon completion of an audit and examination of the tax returns submitted by the insurers, but in no event later than May 1 of each year.

Commencing with the taxable year ending December 2001, all premium and retaliatory taxes paid by insurers writing health insurance in Nebraska are remitted to the Comprehensive Health Insurance Pool Distributive Fund in lieu of transmitting 50% of the taxes paid to the Insurance Tax Fund, 40% to the General Fund, and 10% to the Mutual Finance Assistance Fund. For tax year 2021, $69,959,783 was allocated to the Comprehensive Health Insurance Pool Fund.

The Director is required to transmit 10% of the premium taxes collected to the Mutual Finance Assistance Fund. This fund is used to provide assistance to rural or suburban fire protection districts and mutual finance organizations which qualify under the Mutual Finance Assistance Act. For tax year 2021, $11,274,135 was allocated to this fund which would have gone to the General Fund prior to the enactment of this legislation. Nebraska law directs the State Treasurer to disburse all of the funds in the Insurance Tax Fund prior to June 1 of each year as follows:

- 10% of the total to the counties, proportionately in the proportion that the population of each county bears to the entire state, as shown by the latest U.S. census;
- 30% of the total to the Municipal Equalization Fund; and
- 60% of the total to the State Department of Education for distribution to school districts as equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act as follows. The Commissioner of Education must (a) include the amount certified by the State Treasurer pursuant to this section with the amount appropriated to the Tax Equity and Education

Opportunities Fund for distribution in the ensuing school fiscal year. (b) include such amount in the state aid certified to each school district, and (c) distribute such fund as equalization aid under the provisions of the Act during the ensuing fiscal year.

An insurer whose annual tax for the preceding taxable year was $4,000 or more must make prepayments of its annual taxes on or before April 15, June 15 and September 15 of the current taxable year. The amount of each prepayment must be at least one-fourth of either (1) the total tax paid for the immediately preceding taxable year, or (2) 80% of the actual tax due for the current taxable year.

The Director is required to deposit one-half of the prepayments received into the Premium and Retaliatory Tax Suspense Fund and the other half into the General Fund. Commending with the taxable year ending December 31, 2001, all prepayments paid by insurers writing health insurance in this state shall be remitted to the Comprehensive Health Insurance Pool Distribution Fund in lieu of transmitting one-half of the taxes paid to the Premium and Retaliatory Tax Suspense Fund and one-half to the General Fund.

The Director is required to collect from insurers and transmit to the State Treasurer, for credit to the Workers' Compensation Court Cash Fund, a tax of 1% on the gross amount of direct workers' compensation insurance premiums received by an insurance company. For tax year 2021, $3,354,822 was allocated to the Workers' Compensation Court Cash Fund. The Director is also required to collect from insurers and risk management pools and transmit to the State Treasurer, for credit to the Workers' Compensation Trust Fund, a tax on the amount of workers' compensation benefits paid by each insurer during the preceding calendar year. For the tax year 2021, $0 was allocated to the Workers' Compensation Trust Fund due to the fact a tax was not assessed as the trust balance was in excess of the statutory amount required.

An insurer may offset against its premium and retaliatory tax liability to Nebraska, with respect to business transacted in each year, an amount equal to 20% of the face amount of contributions made to the Nebraska Life and Health Insurance Guaranty Association and the Nebraska Property and Liability Insurance Guaranty Association.

Statutory Reference and Description	**Actual Tax Expenditure Cost**	
	Domestic	**Foreign**
Exemptions		
Statutory Citation: 77-907[1]		
Premiums on all annuity contracts written by insurance companies	$3,709,122	$17,921,101
Statutory Citation: 77-907[1] (other than annuities) Premiums for pensions, profit sharing, individually sponsored retirement plans and other pension plan contracts which are described in the IRC of 1986 §818(a), as amended.	$299,529	$197,973
Statutory Citation: 77-908[1]		
Fraternal beneficiary associations:		
On gross life and A&H premiums written; or	$34,169	$1,297,217
If dividend deduction were allowed.	$33,806	$1,288,108
On gross annuity contract premiums written; or	$7,630	$940,629
If dividend deduction were allowed.	$7,630	$910,119

[1] *This amount reflects the calculated tax impact figure. The figure is based on premium/revenue.*

Deductions

	Domestic	Foreign
Statutory Citation: 44-2407(1)(d) and 44-2716(2) Contributions to the Nebraska Property and Liability Insurance Guaranty Association, and Life and Health Insurance Guaranty Association	$1,460,769	$1,416,726
Statutory Citation: 77-908 Companies whose scheme of operation contemplates the return of a portion of premiums to policyholders, without such policyholders being claimants under the terms of their policies.	$51,812[2]	$433,342[2]
Statutory Citation: 77-908 Credit for contributions to Community Development Assistance Act.	$0	$0
Statutory Citation: 77-1101 to 77-1119 Credit for the New Market Job Growth Investment Act.	$1,203,333	$10,389,285
Statutory Citation: 77-2901 to 77-2912 Nebraska Job Creation and Mainstreet Revitalization Act	$450,000	$1,125,000
Statutory Citation: 77-2501 to 77-2507 Affordable Housing Tax Credit	$0	$3,546,784

[2]*This amount reflects the calculated tax impact figure. The figure is based on both revenues and deductions claimed.*

Section L — Local Occupation Taxes

Basic Provisions and Tax Base

Neb. Rev. Stat. §§ 14-109, 15-202, 15-203, 16-205, 17-525, and 18-1208 allow cities of the metropolitan class, cities of the primary class, first class cities, second class cities, and villages respectively, to raise revenue by levying and collecting an occupation tax on any occupation or business, including a public service corporation, within the limits of the city or village. The monies raised by these local taxes are for use by local governments in their governmental operations.

Exemptions

Statutory citation: 14-109, 15-203, 16-205, 17-525, and 18-1208
Description: Exclude from imposition of any occupation tax all scientific and literary lectures and entertainments; also concerts and all other musical entertainment given exclusively by the citizens of the city or village.
Estimate: Not Available

Section M — Nebraska and County Lodging Tax

Basic Provisions and Tax Base

The lodging tax is a tax imposed upon the total gross receipts charged for the occupancy of any space furnished by any hotel (including a Nebraska-operated hotel), motel, tourist home, campground, court, inn, bed and breakfast, or lodging house in Nebraska for less than 30 consecutive days. Additionally, online travel companies that are facilitating sales as a Multivendor Marketplace Platform are required to be licensed for the lodging tax. The lodging tax is imposed in addition to sales and use taxes. The Nebraska lodging tax is 1%. Receipts from Nebraska lodging tax are paid to the State Visitors Promotion Cash Fund.

Each county in Nebraska may impose a lodging tax of 2% or less. The county lodging tax receipts are paid to the County Visitors Promotion Fund. Each county may also impose an additional lodging tax of 2% or less. Receipts from this additional county lodging tax are paid to the County Visitors Improvement Fund. A 3% administrative fee is deducted by DOR and deposited in the General Fund.

Both county lodging taxes are in addition to the 1% Nebraska lodging tax and regular sales and use taxes.

Exemptions

Statutory citation: 81-3722, 77-2704.02, 77-2704.12(1), and 77-2704.15 through 77-2704.20
Description: Purchases by:

- Nonprofit organizations created exclusively for religious purposes;
- Nonprofit organizations providing services exclusively to the blind;
- Nonprofit Nebraska-licensed schools, colleges, universities established under §§ 79-1601 to 79-1607 or any regionally or nationally accredited, nonprofit, privately controlled college or university with its primary campus physically located in Nebraska (not including Nebraska public post-secondary institutions);
- Nonprofit Nebraska-licensed hospitals;
- Nonprofit Nebraska-licensed health clinics when 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 United States Public Health Service for the populations that are medically underserved;
- 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 persons with developmental disabilities;
- Nonprofit Nebraska-licensed nursing facilities;
- Nonprofit Nebraska-licensed home health agencies, hospice or hospice services, and respite care services;
- Nonprofit Nebraska-licensed mental health substance use treatment center;
- Center for independent living as defined in 29 U.S. C. 796a;
- 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.
- The state, including public educational institutions recognized or established under the provisions of Chapter 85, or 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, land bank created under the Nebraska Municipal Land Bank Act, 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 by any combination of two or more counties, townships, cities, villages, or other exempt governmental units 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 or learning communities established under Chapter 79.

- The Nebraska State Fair Board.
- The Nebraska Investment Finance Authority.
- Licensees of the State Racing Commission.
- The federal government when payment is made directly by the federal government, state tax is prohibited.

Estimate: State: $290,000
Counties: $1,129,000

Deductions

Statutory citation: 81-3723
Description: The state retains 3% of the County Visitors Promotion Fund receipts as an administrative fee to defray the cost of collecting and administering the tax.
Estimate: State: $0
Counties: $363,000[1]

[1] *The administrative fee is retained in the State General Fund.*

Section N — Motor Vehicle, Diesel, Aircraft, and Compressed Fuels Taxes

Basic Provisions and Tax Base

Motor Fuels Tax – Motor Vehicle Fuels and Diesel Fuels

Motor vehicle fuels and undyed diesel fuels are subject to an excise tax imposed on the motor fuels received, imported, produced, refined, manufactured, compounded, or blended in the State of Nebraska for use, distribution, sale, or delivery in Nebraska. Motor vehicle fuels include all products commonly or commercially known as gasoline, gasohol, ethanol, casing head gasoline, and natural gasoline. Products such as naphtha, methanol, benzene, and benzol, although not defined as motor vehicle fuels, are subject to tax if placed directly into a licensed motor vehicle or blended into gasoline at a point in the distribution chain after the refinery. Diesel fuels include all combustible liquids suitable for use in diesel-powered motor vehicles including biodiesel blends. It does not include kerosene which is subject to tax if it is blended with undyed diesel fuel.

Dyed diesel fuel placed in licensed motor vehicles by governmental agencies is also subject to motor fuels tax. Governmental agencies placing dyed diesel fuel in a licensed motor vehicle must remit motor fuels use tax by filing the Nebraska Motor Fuels Use Tax Return, Form 74.

Businesses licensed as producers, suppliers, distributors, wholesalers, importers, or exporters report and remit the motor fuels tax. Retailers, while licensed, are not required to file returns. Instead, they are subject to field record reviews or audits. Liquid fuel carrier licenses and terminal operator licenses are required for businesses involved in the movement of motor fuels in the State of Nebraska. The proper license is obtained by completing a Nebraska Motor Fuels License Application, Form 20MF.

The motor fuels tax is subject to change each January 1 and July 1, and consists of a fixed portion, a variable excise tax rate, and a variable wholesale component. The fixed portion excise tax was 10.3 cents per gallon through December 31, 2015. Beginning in 2016, the fixed portion increased 1.5 cents per gallon each January 1 through January 1, 2019, bringing the total fixed portion excise tax to 16.3 cents per gallon. The variable excise tax rate is set to meet appropriations. The variable wholesale component is 5% of the average wholesale price of gasoline for the previous six months. The total motor fuels tax per gallon for the first half of 2021 was 28.7 cents, and for the second half of 2021, it was 27.7 cents. For the first half of 2022, it was 24.8 cents, and for the second half of 2022, it is 24.8 cents.

The business producing, importing, or removing motor fuels from a Nebraska fuel pipeline terminal has the option to remit the tax or to pass the liability on to a customer who is a licensed supplier, distributor, exporter, or wholesaler. If the tax liability is passed on to the customer, the customer must remit the tax to Nebraska, and cannot subsequently sell that fuel tax-free unless a qualified exemption applies.

Exemptions for motor vehicle fuels are:

- exports with sales or use in a state other than Nebraska;
- sales to the U.S. Government or its agencies, and federal corporations wholly owned by the U.S.;
- sales to a metropolitan transit authority;
- natural gasoline purchased by ethanol producers for use as a denaturant; or

- sales in Indian country, as defined by federal law, to a Native American Indian residing in Indian country.[1]

While natural gasoline purchased for use as a denaturant in the production of ethanol is exempt from the motor fuels tax, it is subject to an excise tax reported and remitted by licensed ethanol producers. The tax of 1.25 cents per gallon is deposited into the Agricultural Alcohol Fuel Tax Fund (AAFTF).

Exemptions for diesel fuels are:

- exports with sales or use in a state other than Nebraska;
- sales to the U.S. Government or its agencies, and federal corporations wholly owned by the U.S.;
- sales to a metropolitan transit authority;
- sales in Indian country to a Native American Indian residing in Indian country[1]; and
- sales of 50 gallons or less for use in a temperature control unit (reefer) or power-take-off unit. The consumer of the reefer fuel must submit an approved exemption certificate to the retailer and must also pay applicable sales tax.

A refund of the motor fuels tax paid on gallons used in unlicensed equipment is claimed by completing a Nebraska Non-Ag Use Motor Fuels Tax Refund Claim, Form 84, or a Nebraska Ag Use Motor Fuels Tax Refund Claim, Form 84AG. Claims may be submitted whenever the motor fuels tax claimed exceeds $25 within a calendar year. The minimum must be met within a calendar year for each fuel type claimed.

Aircraft Fuels Tax

Aircraft fuels are subject to an excise tax imposed upon aircraft fuels purchased for and used in aircraft within the State of Nebraska. Aircraft fuels include aviation gasoline, jet fuel, or any other fuel used and consumed exclusively for the purpose of propelling aircraft. Aviation gasoline is taxed at five cents per gallon, and aviation jet fuel is taxed at three cents per gallon.

Reporting and remitting of the aircraft fuels tax is done by businesses licensed as a supplier, distributor, wholesaler, importer, or exporter. Retailers, while licensed, are not required to file reports. Instead, they are subject to field record reviews. Liquid fuel carrier licenses and terminal operator licenses are required for businesses involved in the movement of aircraft fuels in the State of Nebraska. The proper license is obtained by completing a Nebraska Motor Fuels License Application, Form 20MF.

The aircraft fuels tax is administered in the same manner as the tax on motor vehicle fuels with regard to the point of taxation and exemptions.

Compressed Fuel Tax

The Nebraska compressed fuel tax is an excise tax imposed on retail sales of compressed fuel being placed in a licensed motor vehicle, or to an end user who intends to use the fuel by placing it in a licensed motor vehicle. Compressed fuel includes compressed natural gas, liquefied petroleum gas, liquefied natural gas, and any other compressed fuel used to power a motor vehicle. Persons required to be licensed as compressed fuel retailers are those who are engaged in the business of selling or otherwise providing compressed fuel to consumers of the fuel for use in a motor vehicle. A retailer who has equipment capable of dispensing compressed fuel into a motor vehicle must also be licensed as a compressed fuel retailer. The proper license is obtained by completing a Nebraska Motor Fuels License Application, Form 20MF.

[1] *Under the authority of Neb. Rev. Stat. § 66-741, agreements are in effect with the Winnebago Tribe, the Santee Sioux Tribe, and the Omaha Tribe, which eliminate this exemption on their reservations. These agreements provide that the tribes will collect a tribal tax equivalent to the Nebraska motor fuels tax on all reservation retail pump sales. It further provides that the tribes and the State of Nebraska share the motor fuels tax revenue in accordance with the negotiated apportionment. These agreements extend to all products subject to the Nebraska motor fuels tax.*

Compressed fuel is taxed at the same rate as motor vehicle and diesel fuels. Purchases of compressed fuel to be placed in licensed motor vehicles by the U.S. Government, and purchases made in Indian country by a Native American that resides in Indian country in Nebraska, are exempt from the compressed fuel tax[1].

Exemptions

Statutory citation: 14-1810 and 18-819
Description: Motor vehicle, compressed, and diesel fuels sold to and used in the operations of a metropolitan transit authority are exempt from tax.
Estimate: $150,000

Statutory citation: 66-4,103 and 66-4,116
Description: Exempts foreign or interstate commerce from motor fuels tax.
Estimate: NA (State taxation prohibited)

Statutory citation: 66-489
Description: Natural gasoline purchased by producers for use as denaturant.
Estimate: $11,210,000

Statutory citation: 66-489
Description: Federal law prohibits the state from taxing the U.S. Government or its agencies on their motor fuel purchases.
Estimate: $490,000 (State taxation prohibited)

Statutory citation: 66-495
Description: Undyed diesel fuel used in the operation of temperature control units or power take-off units may be purchased tax-free, if the fuel is purchased in quantities of 50 gallons or less and placed directly into the supply tank of an engine not connected to the main supply tank of a licensed motor vehicle. The consumer of the fuel must submit an approved exemption certificate to the retailer and must also pay applicable sales tax.
Estimate: Minimal

Deductions

Statutory citation: 66-486
Description: A motor vehicle fuel producer, supplier, distributor, wholesaler, or importer can deduct a commission of 5% of the first $5,000 of tax, and 2.5% of all amounts over $5,000 of tax remitted each month.
Estimate: $6,700,000

Statutory citation: 66-486, 3-148, and 3-149
Description: An aircraft fuel supplier, distributor, wholesaler, or importer can deduct a commission of 5% of the first $5,000 of tax, and 2.5% of all amounts over $5,000 of tax remitted each month.
Estimate: $55,000

Statutory citation: 66-486
Description: A diesel fuel producer, supplier, distributor, wholesaler, or importer can deduct a commission of 2% of the first $5,000 of tax, and 0.5% of all amounts over $5,000 of tax remitted each month.
Estimate: $870,000

Statutory citation: 66-6,113
Description: A compressed fuel retailer can deduct a commission of 2% of the first $5,000 of tax, and 0.5% of all amounts over $5,000 of tax remitted each tax period.
Estimate: $10,000

Credits and Refunds

Statutory citation: 66-489
Description: Motor fuels sold and used in buses equipped to carry more than seven persons for hire and engaged entirely in the transportation of passengers for hire within municipalities or within a radius of six miles.
Estimate: $100,000

Statutory citation: 66-489 and 66-741
Description: Diesel, compressed, and motor vehicle fuels sold in Indian country, as defined by federal law, to a Native American Indian residing in Indian country. This exemption does not apply to retail pump sales made on the Winnebago, Santee Sioux, and Omaha Reservations per agreements between the tribes and Nebraska (see footnote 1 of Section N, page 2).
Estimate: Minimal

Statutory citation: 66-726
Description: Refund of motor fuels tax which was paid on fuel
Estimate:

1) Destroyed	-	Minimal
2) Sold in a state outside Nebraska	-	Minimal
3) Agricultural, quarrying, industrial, or other non-highway use	-	$2,320,000

Statutory citation: 66-726
Description: Refund of aircraft fuels tax which was paid on fuel:
Estimate:

1) Destroyed	-	Minimal
2) Sold in a state outside Nebraska	-	Minimal

Statutory citation: 3-150
Description: Any person who buys and uses aviation fuels for use in an FAA approved air school is entitled to a refund of the amount of tax paid.
Estimate: Minimal

Preferential Tax Rates

Statutory citation: 3-148
Description: Aviation gasoline is subject to a tax of five cents per gallon; aviation jet fuel is subject to a tax of three cents per gallon.
Estimate: $1,500,000

Section O — Motor Vehicle Registration and Licensing Fees

Basic Provisions and Tax Base

Motor vehicles, trailers, semi-trailers, or cabin trailers operated on Nebraska highways must be registered and have specified fees paid as directed by the Nebraska statutes. Every snowmobile operated in Nebraska must also be registered.

The **Highway Trust Fund** is credited with:

1. All registration fees collected by county treasurers, except as provided in §§ 60-3,156, 39-2215(3), and 60-3,141;
2. 64% of all registration fees collected for apportioned vehicles (§ 60-3,202);
3. Up to $3.50 per plate fee as set by the Nebraska Department of Motor Vehicles (DMV) (§ 60-3,102);
4. The amount of unladen weight registration fees (§ 60-3,198[10]);
5. All single plate decal fees collected by county treasurers (§ 60-3,100);
6. A portion of all personalized message plate fees (§ 60-3,119);
7. A portion of all Nebraska Cornhusker Spirit Plate fees (§ 60-3,128);
8. A portion of all special interest specialty plate fees (§ 60-3,135.01); and
9. A portion of all organizational license plate fees (§ 60-3,104.01).

The **Highway Cash Fund** is credited with the amount of registration fees collected from:

1. Trip permits issued via the DMV online permit system (§ 60-3,198 [10]);
2. Permanent plate fees for apportioned vehicles (§ 60-3,203);
3. Grain hauling permits (§ 60-3,112);
4. Nonresident carnival operator permits (§ 60-384); and
5. Local trucks operating beyond their specified limits for the purpose of equipping, modifying, or servicing the truck (§ 60-3,110).

The DMV Cash Fund is credited with $2 from each registration issued; a portion of the fees collected from the sale of personalized message plates, Nebraska Cornhusker Spirit plates, Gold Star Family message plates, special interest motor vehicle license plates, organizational plates, mountain lion conservation message plates, breast cancer awareness message plates, Native American Cultural Awareness and History message license plates, choose life message license plates, military honor message license plates, Sammy's Superheroes message plates, donate life message plates, Downs Syndrome awareness message plates, the good life is outside message plates, vets get pets message plates, prostate cancer awareness message plates, support the arts message plates, support our troops message plates, wildlife conservation message plates, and Nebraska 150 Sesquicentennial license plates. 25%of the net registration fees obtained from snowmobile registrations is credited to the State General Fund. The Nebraska Snowmobile Trail Cash Fund is credited with 75% of the net registration fees obtained from snowmobile registrations.

The International Registration Plan Distributive Fund is credited with fees obtained from owners operating fleets of apportionable commercial motor vehicles in Nebraska for interstate commerce who, in lieu of general registration, register and license their fleet under the prorate provision contained in the statutes.

The International Fuel Tax Agreement (IFTA) program is administered by the DMV, Division of Motor Carrier Services.

Motor vehicle fees and taxes are collected by county officials and administered by the DMV.

Exemptions

Statutory citation: 60-339

Description: The following are not included in the definition of motor vehicles and are therefore exempt from registration fees:

- mopeds;
- farm tractors;
- self-propelled equipment designed and used exclusively to carry and apply fertilizer, chemicals, or related products to agricultural soil and crops;
- other implements of husbandry designed for and used primarily for tilling the soil,
- harvesting crops, or feeding livestock;
- vehicles which run only on rails or tracks;
- off-road designed vehicles including, but not limited to, golf carts, go-carts, riding lawn mowers, garden tractors, all terrain vehicles, utility-type vehicles, snowmobiles, and mini bikes;
- road, general purpose construction, and maintenance machinery not designed or used primarily for the transportation of persons or property including, but not limited to, ditch digging apparatus, asphalt spreaders, bucket loaders, leveling graders, earth moving carryalls, power shovels, earth moving equipment, and crawler tractors;
- self-propelled chairs used by persons who are disabled;
- electric personal assistive mobility devices; and,
- bicycles.

Estimate: Not Available

Statutory citation: 60-366 **and** 60-367

Description: A nonresident owner operating a foreign vehicle in Nebraska is not required to register this vehicle or pay any fees if the car has been properly registered in the foreign state and the number plates are displayed while in operation. However, any nonresident owner whose passenger car is operated in Nebraska for 30 or more days must register this car in the same manner as a Nebraska resident, unless the state of his or her residence grants immunity from these requirements to residents of Nebraska operating a passenger car in that state.

Estimate: Not Available

Statutory citation: 60-373

Description: Each licensed dealer in motor vehicles or dealer in trailers doing business in Nebraska, instead of registering each motor vehicle or trailer which the dealer owns that is a type otherwise required to be registered, or any employee of such dealer, may: (a) operate or move the motor vehicle upon the streets and highways of Nebraska solely for purposes of transporting, testing, demonstrating, or using it the ordinary course and conduct of his or her business as a motor vehicle or trailer dealer, including the personal or private use of the dealer, and including the personal or private use of any bona fide employee, or for transporting industrial equipment held by the licensee for purposes of demonstration, sale, rental, or delivery; or (b) sell the motor vehicle without registering each motor vehicle or trailer if dealer number plates are displayed on the vehicle.

Each licensed manufacturer who manufactures or assembles motor vehicles, motorcycles, or trailers, in lieu of the registering of each motor vehicle or trailer which the manufacturer owns which is a type otherwise required to be registered, or any employee of the manufacturer, may operate or move the motor vehicle upon the streets and highways of Nebraska solely for purposes of transporting, testing, demonstrating to prospective customers, or using it the ordinary course and conduct of business as a motor vehicle, motorcycle, or trailer manufacturer, upon the condition that the dealer number plates be displayed on the vehicle. Finance companies licensed to do business in Nebraska may, in lieu of registering each motor vehicle or trailer repossessed, make an application for a repossession certificate and one repossession plate for a fee of $10.

Any transporter doing business in Nebraska may, in lieu of registering each motor vehicle or trailer which the transporter is transporting, make an application to the DMV for a transporter's certificate and one transporter number plate for a fee of $10.

Estimate: Not Available

Statutory citation: 60-368

Description: Nonresidents, certified by the Nebraska Department of Labor as being engaged in temporary agricultural employment within Nebraska, are exempt from licensing passenger vehicles for 60 days, provided the vehicle is duly licensed in their state of residence.

Estimate: Not Available

Statutory citation: 60-3,160

Description: No registration fee is collected on any motor vehicle owned by any city or village of Nebraska used in connection with police, street, public transportation, park, library, or fire prevention activity, fire trucks owned and used by any rural fire protection district, and motor vehicles owned and operated by the Civil Air Patrol; nor any motor vehicle owned and used by any public school district, county, state, or U.S. government, municipal public body, or authority used in operating a public passenger transportation system.

Estimate: $2,434,663

Statutory citation: 60-3,185

Description: In addition to the registration fees provided by Chapter 60, article 3, and the motor vehicle fee imposed in § 60-3,190, a motor vehicle tax is imposed on motor vehicles registered for operation upon the highways of Nebraska except: (1) Motor vehicles exempt from the registration fee in § 60-3,160; (2) One motor vehicle owned and used for his or her personal transportation by a disabled or blind honorably discharged veteran of the U.S. Armed Forces as defined in § 77-202.23 whose disability or blindness is recognized by the U.S. Department of Veterans Affairs if an application for the exemption has been approved under subsection (1) of § 60-3,189; (3) Motor vehicles owned by Indians as defined in 25 U.S.C. 479; (4) Motor vehicles owned by a member of the U.S. Armed Forces serving in Nebraska in compliance with military or naval orders or his or her spouse if this person is a resident of a state other than Nebraska; (5) Motor vehicles owned by the state and its governmental subdivisions and exempt as provided in subdivision (1)(a) of § 77-202; and (6) Motor vehicles owned and used exclusively by an organization or society qualified for a tax exemption provided in subdivision (1)(b) or (1)(c) of § 77-202 if an application for the exemption provided in this subdivision has been approved under subsection (2) of § 60-3,189.

Estimate: Not Available

Statutory citation: 60-3,185(4)(Soldiers' and Sailors' Civil Relief Act)

Description: This federal act allows nonresident military personnel stationed at a military base or his or her spouse in Nebraska, or in one of the various recruiting services, to obtain tax-free license plates. These motor vehicles are only exempt from the motor vehicle tax and fee, the registration fee and sales tax must be paid.

Estimate: Not Available (Federal law prohibits state taxation)

Credits

Statutory citation: 60-398
Description: A nonresident may, if he or she applies within 90 days from the original registration date and surrenders the registration certificate and the license which were assigned, receive a refund in the amount of 50% of the original license fee; except no refund will be made on any license surrendered after the ninth month of the registration period for which the vehicle was registered.
Estimate: Not Available

Statutory citation: 60-3,198(8)
Description: A Nebraska-based fleet owner may file an application with the DMV to delete a registered motor vehicle from a fleet of registered motor vehicles because the vehicle is disabled and has been removed from service, and return the registration certificate or certificates. The fleet owner receives a credit for that portion of the registration fee deposited in the Highway Trust Fund based upon the number of unexpired months remaining in the registration year.
Estimate: Not Available

Statutory citation: 60-3,200
Description: Whenever a motor vehicle has been registered by the owner under the provisions of § 60-362, the motor vehicle taxes imposed in § 60-3,185,and the motor vehicle fee imposed in § 60-3,190 have been paid on that motor vehicle for the registration period, and the motor vehicle is registered under the prorate provisions of § 60-3,198, the DMV, upon application of the owner of the motor vehicle, is to certify that the motor vehicle owner is entitled to receive the refund of the unused registration fees, motor vehicle taxes, and motor vehicle fees for the registration period.
Estimate: Not Available

Statutory citation: 60-395
Description: The registered owner of a motor vehicle or cabin trailer which is sold or lost due to fire, theft, dismantlement, junking, or when a salvage certificate of title is issued, may, or whenever a type or class of motor vehicle previously registered is subsequently declared by legislative act or court decision to be illegal or ineligible to be operated on the public roads and no longer subject to registration fees or taxes, or in case of a change in the tax situs of a motor vehicle to a location outside of Nebraska, may, by returning the registration certificate, the number plates and renewal tabs, and after making an affidavit to the county treasurer of such transfer of loss, receive a refund of that part of the unused fees on passenger vehicles, trucks, and cabin trailers based on the number of unexpired months remaining in the registration period. The registered owner must make claim for refund or credit within 60 days from the date of the event. The date of the event will be the date of the transfer or loss, the date of registration in another state, the effective date of the legislative act, or the date the court decision is rendered.
Estimate: Not Available

Statutory citation: 60-396
Description: Whenever the registered owner files an application with his or her county treasurer showing that a motor vehicle is disabled and has been removed from service, the registered owner may, by returning the registration certificate, number plates, and when appropriate, the renewal tabs, or if these are unavailable, then by making an affidavit to the treasurer of the disablement and removal from service, receive a credit for a portion of the registration fee from the fee deposited with the State Treasurer at the time of registration based upon the number of unexpired months remaining in the registration year.
Estimate: Not Available

Preferential Tax Rates

Statutory citation: 60-3,198
Description: Any owner engaged in operating a fleet of apportionable vehicles in Nebraska in interstate, commerce may, in lieu of registration of these vehicles under the general provisions of §§ 60-301 to 60-3,220, register and license this fleet for operation in Nebraska by filing a sworn statement and the application required by § 60-3,203 with the DMV. Upon receiving of this statement and application, the DMV will determine the total fee payment which is equal to the amount of fees due pursuant to § 60-3,203 and the amount obtained by applying the proportion of in-state fleet miles to total fleet miles, as reported in these states, to a fee of $35 per ton based upon gross vehicle weight of the empty weights of any trailer, semi-trailer, or combination with which it is to be operated in combination at any one time, plus the weight of the maximum load to be carried at any one time. The registered vehicles are exempt from all further registration and license fees under §§ 60-301 to 60-3,220 for operating in the State of Nebraska, except as provided in § 60-3,203.
Estimate: Not Available

Statutory citation: 60-3,145
Description: Local vehicles operated solely within a ten-mile radius of an incorporated city or village's corporate limits must pay a registration fee of 30% of the regular commercial registration, but never less than $18.
Estimate: $86,000

Statutory citation: 60-3,146
Description: For farm trucks, except for farm trucks or combinations of trucks or truck-tractors and trailers or semi-trailers having a gross vehicle weight exceeding 16 tons, the registration fee is $18 for up to and including five tons gross vehicle weight. In excess of five tons, the fee is $22. For a truck or a combination of truck or truck-tractor and trailer or semi-trailer, the registration fees are: for a gross weight in excess of 16 tons up to and including 20 tons, $40 plus five dollars for each ton of gross weight over 17 tons; and for gross weight exceeding 20 tons, $65 plus $10 for each ton of gross weight over 20 tons. Fees are based on the combined gross weight as provided in § 60-3,147, but at a reduced rate.
Estimate: $35,230,000

Statutory citation: 60-3,147(4)(6)
Description: Commercial trucks used exclusively for transporting livestock, unprocessed milk, poultry, grain, sugar beets, potatoes, and hay, pay fees at a rate of 10% less than other commercial trucks.
Estimate: Not Available

Statutory citation: 60-3,149
Description: Trucks, truck-tractors, trailers, or semi-trailers which are not for hire, owned by those engaged in soil and water conservation work, and used for the purpose of transporting pipe and equipment used exclusively by these contractors, pay registration fees at one-half of the commercial truck fee rate, but in no case less than the minimum fee of $18.
Estimate: $72,300

Statutory citation: 60-3,111
Description: Special 30-day farm permits at one-twelfth of the commercial truck fee, but never less than $25, can be used by farmers or ranchers for trucks used exclusively to carry their own supplies, farm equipment, and household goods to and from the owner's farm and ranch, and used to carry the owner's agricultural products, livestock, and produce to or from storage or market.
Estimate: Not Available

Statutory citation: 60-3,151
Description: Trailers in Nebraska are registered and pay differing fees depending upon their classification:

- **Utility trailer** - $1 per 1,000 pounds of gross weight up to 9,000 pounds;
- **Farm trailer** - $1 regardless of weight;
- **Fertilizer trailer** - $1 regardless of weight, or $3 per ton when the registration weight is to a separate unit;
- **Commercial trailer or semi-trailer** - $1 regardless of weight; and
- **Pole and cable reel trailer** - $2 per 1,000 pounds of gross weight up to 16,000 pounds.

Estimate: Not Available

Statutory citation: 60-3,151
Description: Recreational vehicles are registered and pay differing fees depending upon their classification:

- **Self-propelled mobile home -**
  - 8,000 pounds or less = $18
  - 8,001 – 11,999 pounds = $30
  - 12,000 pounds and over = $42
- **Cabin trailers without motive power –**
  - 1,000 pounds or less = $9
  - 1,001 – 1,999 pounds = $12
  - 2,000 pounds and over = $15

Estimate: Not Available

Statutory citation: 60-3,155
Description: Well-boring apparatus pay a registration fee of one-twelfth of the regular commercial registration fee.
Estimate: $380,600

Section P — Oil and Gas Severance Tax and Oil and Gas Conservation Tax

Basic Provisions and Tax Base

The severance tax is levied at the rate of 3% of the value of non-stripper oil and natural gas severed from the soil of Nebraska and 2% of the value of stripper oil severed from the soil of Nebraska. The tax is paid by the first purchaser if the oil or natural gas is sold in Nebraska, or by the person doing the severing if the oil or natural gas is sold outside Nebraska. The tax collected is identified either as coming from school lands or from all other lands. The entire amount is credited to the Severance Tax Fund.

The Severance Tax Administration Fund receives 1% of the gross severance tax receipts, excluding those receipts from tax derived from oil and natural gas severed from school lands. The balance of the Severance Tax Fund received from school lands is credited to the Permanent School Fund. The balance of the Severance Tax Fund received from other than school lands is allocated as follows:

(a) The Legislature may transfer an amount to be determined by the Legislature through the appropriations process up to $300,000 for each year to the State Energy Office Cash Fund;

(b) The Legislature may transfer an amount to be determined by the Legislature through the appropriations process up to $30,000 for each year to the Public Service Commission for administration of the Municipal Rate Negotiations Revolving Loan Fund; and

(c) The remainder is credited to the Permanent School Fund.

In addition to the severance tax, the value of oil or gas is subject to the conservation tax. The conservation tax is levied and assessed in the same manner as the severance tax. The tax is imposed on the value at the well of all oil and gas produced, saved, and sold or transported from the premises in Nebraska. The producer of the oil or gas pays the tax unless the oil or gas is sold within Nebraska. If the oil or gas is sold in Nebraska, then the first purchaser in Nebraska pays the tax.

The conservation tax rate is set by the Oil and Gas Conservation Commission. Effective May 1, 2020, through April 30, 2022, the tax rate was 1.2% or 12 mills. Effective May 1, 2022, the tax is 0.7% or 7 mills. Revenue from the conservation tax is deposited in the Oil and Gas Conservation Fund.

Exclusions

Statutory citation: 57-702
Description: Oil or gas used only in severing operations or for re-pressuring or recycling purposes is excluded from the oil and gas severance tax.
Estimate: Not Available

Exemptions

Description: DOR has received an Attorney General's Opinion that interests of governmental units and Native American Indian tribes are exempt from the severance tax.
Estimate: $0

Preferential Tax Rates

Statutory citation: 57-701(7) & (8)
Description: Oil produced from stripper wells that have a base production level of ten or fewer barrels per day is subject to a severance tax of 2% rather than 3%.

Estimate: Minimal

Section Q — Pari-Mutuel Wagering Tax

Basic Provisions and Tax Base

A pari-mutuel tax is imposed on the gross amount wagered in excess of $10 million dollars at each horserace track during a calendar year. Any amount wagered over $10 million, but not more than $73 million, is taxed at the rate of 2.5%. Amounts wagered in excess of $73 million are taxed at the rate of 4%.

Exemptions

Statutory citation: 2-1208.01
Description: The first $10 million wagered by the pari-mutuel method at every race meeting is not taxed.
Estimate: $836,000

Credits

Statutory citation: 2-1208.01
Description: All licensed race meets, except for race meets conducted at the location where the Nebraska State Fair is held, retain as a credit against the tax, an amount equal to 2% of the first taxable $70 million. Race meets conducted at the location where the Nebraska State Fair is held retain 2.5%. The amount retained is used for capital improvements and maintenance.
Estimate: $487,000

Section R — Public Power and Irrigation Districts' Gross Revenue Tax

Basic Provisions and Tax Base

Every public corporation and political subdivision in Nebraska, organized primarily to provide electricity, or irrigation and electricity, and which sells electricity at retail within incorporated cities or villages, pays a tax equal to 5% of this gross revenue. A deduction is allowed for in lieu of taxes paid. The in lieu of tax is the dollar amount paid in property taxes to the city or village in calendar year 1957 with respect to its properties in the city or village. In addition, the public power districts are allowed to deduct the city occupation tax from the gross revenue tax.

Deductions

Statutory citation: 70-651.03
Description: Public power districts are allowed to deduct from the gross revenue tax remitted to county treasurers an amount equivalent to the amount paid in property taxes to the city or village in calendar year 1957.
Estimate: $1,089,521[1]

Statutory citation: 70-651.05
Description: Public power districts are allowed to deduct from the gross revenue tax remitted to county treasurers the city occupation tax.
Estimate: $ 322,775[1]

[1] *This may not be considered a true tax expenditure since the public power districts still pay the fixed in lieu of taxes and the city occupation taxes in addition to the (net) gross revenue tax (tax amounts are calculated from the 2021 Certificate of Taxes Levied Reports filed by the county assessors).*

Section S — Waste Reduction and Recycling Incentive Act

Basic Provisions and Tax Base

The Nebraska Waste Reduction and Recycling Incentive Act imposes a fee of $1 on each tire of every new motor vehicle, trailer, or semi-trailer registered in Nebraska. The fee is collected by the county treasurer at the time of registration, and is remitted to DOR for deposit in the Waste Reduction and Recycling Incentive Fund. This Fund is administered by the Nebraska Department of Environmental Quality.

In addition, a fee of $1 is imposed on every new tire sold at retail for a motor vehicle, trailer, semi-trailer, or farm tractor. The fee is collected by the retailer in the same manner as sales tax and is remitted to DOR for deposit in the Waste Reduction and Recycling Incentive Fund.

The Nebraska Waste Reduction and Recycling Incentive Act imposes an annual waste reduction and recycling fee on all businesses with retail sales of tangible personal property which are subject to the tax. The fee is $25 for each Nebraska location with retail sales of tangible personal property of $50,000 or more.

The Tax Commissioner deducts and withholds from the fees a collection fee to reimburse DOR for the actual cost of collecting and administering the fees. The Legislature appropriates money from this collection fund for DOR to cover the actual costs of administering the program.

Exemptions

Statutory citation: 81-15,159 through 81-15,165
Description: A qualified tire does not include: any recapped or re-grooved tire; any new tire sold specifically for use on off-road vehicles (e.g., bicycles, golf carts, riding lawn-mowers); and farm implements (e.g., plows, disks, wagons, except farm tractor tires, which are subject to the fee).
Estimate: Not Available

Statutory citation: 81-15,159 through 81-15,165
Description: Qualified tires sold for resale purposes.
Estimate: $410,000

Statutory citation: 81-15,159 through 81-15,165
Description: Qualified tires sold and delivered to another state.
Estimate: $4,000

Statutory citation: 81-15,159 through 81-15,165
Description: Qualified tires sold to the federal government and its agencies.
Estimate: $1,000

Statutory citation: 81-15,159 through 81-15,165
Description: Qualified tires sold to Native American Indians if the Native American Indian resides in Indian country, and delivery of the tires takes place in Indian country.
Estimate: Included in above (Qualified tires sold for resale purposes)

Section T — Petroleum Release Remedial Action Fee

Basic Provisions and Tax Base

The Nebraska Petroleum Release Remedial Action Act imposes a fee upon the producer, importer, refiner, distributor, wholesaler, or supplier who engages in the sale, distribution, delivery, and use of petroleum (motor vehicle fuels, diesel fuels, and aviation fuels) in Nebraska. The fee is $0.009 per gallon on aviation gasoline and motor vehicle fuels, such as gasoline, and $0.003 per gallon on jet fuel and diesel fuels, including dyed diesel.

The revenue raised from this fee is placed in the Nebraska Petroleum Release Remedial Action Cash Fund. Revenues for this fund totaled $11,839,560 for fiscal year 2021-22.

Exemptions

Statutory citation: 66-1510
Description: Natural gasoline used as a denaturant by a Nebraska ethanol facility.
Estimate: $380,000

Statutory citation: 66-1521
Description: Federal law prohibits the state from taxing the U.S. Government
Estimate: $10,000

Credits

Statutory citation: 66-1521
Description: Any fee paid on petroleum which was taxed and then exported.
Estimate: Minimal

Statutory citation: 66-1521
Description: Any fee paid on petroleum which was taxed and then sold to a federal agency.
Estimate: $5,000

Section U — Employment and Investment Growth Act, Quality Jobs Act, Invest Nebraska Act, Nebraska Advantage Act, Nebraska Advantage Rural Development Act, Nebraska Advantage Microenterprise Tax Credit Act, and Nebraska Advantage Research and Development Act

Basic Provisions and Tax Base

For a complete analysis of credits, refunds, and exemptions provided under the above Acts, please refer to the Nebraska Tax Incentives 2021 FY Annual Report to the Nebraska Legislature prepared by DOR, and issued October 31, 2022. A copy of this report is provided annually to all members of the Unicameral.