

State of Nebraska

2016

**Tax Expenditure
Report**

Prepared by
Nebraska Department of Revenue
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Lincoln, Nebraska



October 14, 2016

Prepared by
Nebraska Department of Revenue
Research, Policy, and Communications Sections,

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

and the cooperation of
the Nebraska Secretary of State,
the Nebraska Liquor Control Commission,
the Nebraska Department of Insurance,
and the Nebraska Department of Motor Vehicles.

Introduction

This 2016 Tax Expenditure Report and Summary is published by the Nebraska Department of Revenue (Department), 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, 2016. 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 Department’s website at revenue.nebraska.gov.

A sincere thank you is extended to the following state agencies for their 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 James Bogatz, Policy Manager, at jim.bogatz@nebraska.gov or 402-471-5921. The Department appreciates input and feedback from the public on this report.



Tony Fulton
Tax Commissioner

October 14, 2016

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 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 nonvoice 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 and Local Sales and Use Taxes

Basic Provisions and Tax Base

Sales Tax¹

Nebraska sales tax is imposed upon the gross receipts from:

- all sales, leases, rentals, installation, application, and repair of tangible personal property, except for repairs labor on motor vehicles;
- 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 taxable property;
- 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, franchises,) and any services that are subject to tax.

Use Tax¹

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

Local Sales and Use Taxes

Any Nebraska county or incorporated municipality (city) may impose a local sales and use tax upon approval by a majority of their voters in a regular election. The local tax applies to the identical transactions subject to the state sales and use tax, with the exception of direct-to-home satellite programming, which is exempt from local, but not state sales taxes under federal law. Local sales taxes of 0.5%, 1%, 1.5%, 1.75%, and 2% may be approved by city or county voters, except in cities of the metropolitan class, 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 the Department to arrive at the estimates. Generally, sources include Department sales tax records, other State of Nebraska agencies, the federal government, nonprofit organizations, and trade groups. Some estimates are based on confidential Department 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\(2\)\(a\)\(iii\)](#) requires the Department to analyze the actual or estimated revenue loss caused by the tax expenditures described in subdivisions (2)(g) through (j) of [§ 77-382](#). This report satisfies the requirements of that section.

¹The taxes collected are deposited into four funds: the State General Fund; the Highway Trust Fund, the State Highway Capital Improvement Fund, and the Game and Parks Commission Capital Maintenance Fund. Deposits to the Highway Trust Fund are made from the sales and use taxes derived from sales and leases of motor vehicles, trailers, and semi-trailers registered in Nebraska. The balance of taxes collected is deposited into the State General Fund. The proceeds from 1/4 of one cent of the sales tax is deposited in the State Highway Capital Improvement Fund. The proceeds from sales or leases of motorboats, all-terrain vehicle, and utility-type vehicles are deposited in the Game and Parks Commission Capital Maintenance Fund.

Exemptions

Agriculture

1. Agricultural Machinery and Equipment

Statutory citation: [77-2704.36](#)

Enacted: 1992

Description: Depreciable agricultural machinery and equipment for use in commercial agriculture and repair labor.

Estimate: \$199,660,000

Data source: U.S. Census Bureau, Economic Census; U.S. Department of Agriculture, Agricultural Census

Note: Estimate does not include repair labor.

2. 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: \$137,515,000

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

3. 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: \$60,647,000

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 Department to break out commercial and agricultural uses for purposes of this exemption.

4. 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 provided no more than 10% is used for incidental purposes.

Total estimate for irrigation and manufacturing: \$19,105,000

- Water for manufacturing: \$957,000
- Water for irrigation: \$18,148,000

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

5. Commercial Artificial Insemination

Statutory citation: [77-2704.23](#)

Enacted: 1971

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

Estimate: \$700,000

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

6. Mineral Oil as Dust Suppressant

Statutory citation: [77-2704.60](#)

Enacted: 2009

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

Estimate: \$346,000

Data source: U.S. Department of Agriculture, National Agricultural Statistics Service

7. 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: \$228,000

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

8. Oxygen For Use in Aquaculture

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

Enacted: 1993

Estimate: Not available

9. 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: \$800,400,000

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 Department cannot separate these two exemptions for purposes of this report.

10. 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: \$272,618,000

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, the Department cannot separate these two exemptions for purposes of this report. Seed grain is included in #3 above.

11. 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: \$12,941,000

Data source: U.S. Geological Survey, Total Water Use Report; U.S. Department of Agriculture, Economic Research Service

See #33, Energy Used in Agriculture, in the Energy section.

Business Across State Lines

12. 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

13. 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

14. 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

15. 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

16. 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

17. State Reciprocal Agreements 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

18. 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/Logistics

19. 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: \$37,229,000

Data source: U.S. Census Bureau, Annual Capital Expenditures Survey

Note: Estimate does not include repair services.

20. Common or Contract Carriers; Repair Parts and Services

Statutory citation: [77-2704.50](#), [77-2704.30\(1\)](#) **Regulation:** [1-069](#)

Enacted: 1967

Description: The purchase, 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: \$19,933,000 (does not include repair services)

Data source: U.S. Census Bureau, Annual Capital Expenditures Survey

Note: Estimate does not include repair services. This estimate includes purchase of non-common carrier trucks and trailers. With the available data, the Department is unable to isolate non-common carrier purchases from the estimate.

21. 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.

22. 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

23. Motor Vehicle/Motorboat Trade-ins

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

Enacted: 1967

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

Estimate: \$70,837,000

Data source: Nebraska Department of Motor Vehicles

24. 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

25. Certain Medical Equipment and Medicine

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

Enacted: 1967

Description: Insulin, drugs and mobility-enhancing equipment that are 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: \$156,249,000 (Estimate includes all consumer spending on certain medicine equipment and medicine. It does not take into account payer type.)

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

- 26. Newspapers**
Statutory citation: [77-2704.07](#)
Enacted: 1967
Description: Newspapers issued at least once a week; newspaper advertising supplements distributed with newspapers.
Estimate: \$3,041,000
Data source: U.S. Census Bureau, Annual Services Survey
- 27. Laundromats**
Statutory citation: [77-2704.14](#)
Enacted: 1967
Description: The use of coin-operated machines for laundering and cleaning, except for washing motor vehicles.
Estimate: \$513,000
Data source: U.S. Census Bureau, Economic Census; Annual Services Survey
- 28. 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: \$206,000
Data source: Nebraska Department of Revenue sales and use tax records
- 29. 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: \$19,000
Data source: U.S. Department of Veterans Affairs
- 30. Political Campaign Fundraisers**
Statutory citation: [77-2704.10\(4\)](#)
Enacted: 1993
Description: Fees for admissions, or prepared food charged by ballot question committees, candidate committees, independent committees, and political party committees as defined in the Nebraska Political Accountability and Disclosure Act.
Estimate: Not available

Energy

- 31. Motor Fuels**
Statutory citation: [77-2704.05](#)
Enacted: 1967
Description: Motor vehicle fuels such as gasoline, including casing head or natural gasoline, and any other liquids or gases for use in motor vehicles or motorboats; diesel and compressed fuels delivered into the fuel supply tanks of other vehicles; and railroad use.
Estimate: \$178,134,000
Data source: Nebraska Department of Revenue, Motor Fuels Section; U.S. Department of Energy, Energy Information Administration
- 32. Energy Used in Industry**
Statutory citation: [77-2704.13\(2\)](#)
Enacted: 1967; amended in 1985 to include more than 50% of purchased energy for certain industries.
Description: Sales and purchases of the energy sources in § [77-2704.13\(1\)](#) when more than 50% of the amount purchased is for use directly in processing, manufacturing, generation of electricity, refining, or by any hospital.
Estimate: \$93,276,000
Data source: U.S. Department of Energy, Energy Information Administration, State Energy Price and Expenditure Report

- 33. Energy Used in Agriculture**
Statutory citation: [77-2704.13\(1\)](#)
Enacted: 1967; amended in 1985 to include more than 50% of purchased energy used directly in irrigation or farming; wood and corn as fuel sources added in 2009.
Description: Sales and purchases of electricity, coal, gas, fuel oil, diesel fuel, tractor fuel, propane, gasoline, coke, nuclear fuel, butane, wood as fuel, and corn as fuel when more than 50% of the amount purchased is for use directly in irrigation or farming.
Estimate: \$58,261,000
Data source: U.S. Department of Agriculture, Agricultural Census
- 34. Aviation Fuel**
Statutory citation: [77-2704.03](#)
Enacted: 1967
Description: Fuel for use in aircraft, specifically aviation gasoline and jet fuel.
Estimate: \$4,120,000
Data source: Nebraska Department of Revenue, Motor Fuels Section; U.S. Department of Energy, Energy Information Administration
- 35. Minerals, Oil, and Gas Severed from Real Property**
Statutory citation: [77-2704.04](#)
Enacted: 1967
Estimate: \$5,816,000
Data source: Nebraska Department of Revenue, Form 61 returns
- 36. Community-Based Energy Development (C-BED) Projects**
Statutory citation: [77-2704.57](#)
Enacted: 2007 (LB 367)
Description: Personal property for use in a C-BED project.
Estimate: \$164,000
Data source: U.S. Census Bureau, Economic Census; Kansas Energy Information Network; Nebraska Department of Energy
- 37. 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: \$16,200
Source: U.S. Department of Energy, Energy Information Administration

Food

- 38. 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 excludes Supplemental Nutrition Assistance Program purchases.)
Estimate: \$158,617,000
Data source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey
- 39. 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: \$13,252,000
Data source: U.S. Department of Agriculture, Food and Nutrition Service, Supplemental Nutrition Assistance Program
Note: State taxation is prohibited by federal law.

40. 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: \$8,747,000

Data source: Nebraska Department of Education, Annual Financial Report; University of Nebraska room and board rates; National Center for Education Statistics

41. Prepared Food Sold by Hospitals

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

Enacted: 1967

Description: Prepared food, including soft drinks and candies, 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: \$730,000

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

42. Prepared Food Sold by Institutions at a Flat Rate

Regulation: [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: \$1,212,000

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

Note: Educational institutions are included in #40 above.

43. 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 electronic benefits transfer or food coupons under regulations issued by the U.S. Department of Agriculture, although it is not necessary for the purchaser to use electronic benefits transfer or food coupons to pay for the meal.

Estimate: \$37,000

Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics; Meals on Wheels Association of America

44. Prepared Food Sold by Churches

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

Enacted: 1967

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

Estimate: Not available

General Business

45. 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: \$1,548,800,000

Data source: Nebraska Department of Revenue input-output model

- 46. Manufacturing Machinery**
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 qualified manufacturing machinery, equipment, and repair labor.
Estimate: \$78,109,000
Data source: U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts
Note: This estimate includes installation, repair, and maintenance services performed on qualified manufacturing machinery and equipment. The estimate does not include repair labor.
- 47. 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: \$26,693,000
Data source: U.S. Census Bureau Economic Census
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\[3\]](#)).
- 48. 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: \$16,000
Data source: U.S. Census Bureau, Economic Census
- 49. Molds and Dies**
Statutory citation: [77-2704.40](#) and [77-2701.47\(c\)](#)
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: \$7,178,000
Data source: U.S. Census Bureau, Annual Survey of Manufacturers
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](#).
- 50. Syndicated Programming**
Statutory citation: [77-2704.39](#)
Enacted: 1994
Description: Sales of syndicated programming for rebroadcast by a radio or television station.
Estimate: \$11,000
Data source: U.S. Census Bureau, Economic Census
- 51. 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.
Estimate: Not available
- 52. 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

53. 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 as a capital asset and sales or use tax was previously paid or specifically exempted.

Estimate: Not available

54. 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

55. 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: \$4,201,000

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

56. 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: \$3,508,000

Source: U.S. Postal Service

See #4, Water for Irrigation and Manufacturing, in the Agriculture section.

Lodging/Shelter

57. 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: \$70,630,000

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

58. Long-term Lodging

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

Enacted: 1967

Description: Lodging for 30 continuous days or more.

Estimate: Not available

Miscellaneous

59. 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

- 60. 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
- 61. 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
- 62. 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
- 63. 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
- 64. Bullion or Currency**
Statutory citation: [77-2704.66](#)
Enacted: 2014
Description: The purchase of bullion or currency is exempt from sales and use taxes.
Estimate: \$1,243,000
Source: U.S. Census Bureau, Economic Census
- 65. 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: \$647,000
Data source: Nebraska Department of Revenue sales and use tax records

Nonprofits/Governments/Exempt

- 66. 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 Interlocal Cooperation Act, the Integrated Solid Waste Management Act, or the Joint Public Agency Act, except for purchases for use in the business of furnishing gas, water, electricity, or heat, or by any irrigation or reclamation district, the irrigation division of any public power and irrigation district, or public schools established under Chapter 79.

Estimate: \$162,620,000

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

67. Purchases by Churches and Nonprofit Colleges and Medical Facilities

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

Enacted: As noted below

Description: Purchases made by-

Nonprofit organizations created exclusively for religious purposes (1967);

Nonprofit organizations providing services exclusively to the blind (1967);

Nonprofit Nebraska-licensed private educational institution established under [79-1601 to 79-1607](#) (1967);

Nonprofit Nebraska-licensed private college or university with its primary campus located in Nebraska (2011);

Nonprofit Nebraska-licensed hospitals (1967);

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 under-served (1984);

Nonprofit Nebraska-licensed skilled nursing facilities (1977);

Nonprofit Nebraska-licensed intermediate care facilities (1977);

Nonprofit Nebraska-licensed assisted-living facilities (2008);

Nonprofit Nebraska-licensed intermediate care facilities for the mentally retarded (2004);

Nonprofit Nebraska-licensed nursing facilities (1991);

Nonprofit Nebraska-licensed home health agency (1982), hospice or hospice service (2005), and respite care service (2005);

Nonprofit Nebraska-licensed child-caring agencies (1980) or child placement agencies (1967); and

Nonprofit organizations certified by the Department of Health and Human Services (HHS) to provide community-based services for persons with developmental disabilities (2006).

Estimate: \$187,534,000

Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics

68. 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 belong to the state or governmental subdivision. The appointment of purchasing agents must be in writing and occur prior to the annexing of any property to real estate.

Note: Estimate is included in Exemption #66, [77-2704.15\(1\)](#), above.

69. 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 #67, [77-2704.15\(1\)](#), above.

70. Nebraska Lottery

Statutory citation: [77-2704.38](#)

Enacted: 1993

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

Estimate: \$9,911,000

Data source: Nebraska Department of Revenue, Nebraska Lottery Division

- 71. 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: \$532,000
Data source: Nebraska High School Activities Association; Lincoln Public Schools Annual Budget; Nebraska Department of Education enrollment statistics
- 72. 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: \$419,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics
- 73. Sales on Native American Indian Lands**
Statutory citation: [77-2704.02](#)
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: \$3,755,000
Data source: Nebraska Department of Revenue sales tax records
Note: State taxation is prohibited by federal law.
- 74. Fine Art Purchases by a Museum**
Statutory citation: [77-2704.56](#)
Enacted: 2006
Description: Sales and use taxes are not imposed on purchases of fine art by a museum as defined by Neb. Rev. Stat. § [51-702](#).
Estimate: \$275,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics
- 75. Purchases by the Nebraska State Fair Board**
Statutory citation: [77-2704.16](#)
Enacted: 1992
Estimate: \$75,000
Data source: Nebraska State Fair Board
- 76. Purchases by the Nebraska Investment Finance Authority**
Statutory citation: [77-2704.17](#)
Enacted: 1992
Estimate: Minimal
- 77. Purchases by the Licensees of the State Racing Commission**
Statutory citation: [77-2704.20](#)
Enacted: 1992
Estimate: Minimal
- 78. 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.

- 79. 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
- 80. 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: \$47,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics
- 80. 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: \$40,000
Data source: [Cornhusker State Games website](#)
- 82. 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(c)(3) organizations that are affiliated with a national organization that is primarily dedicated to youth development and healthy living and offers sports instruction or sports events in multiple sports.
Estimate: \$3,036,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics
- 83. 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: \$221,000
Data source: Nebraska city budgets and Consolidated Annual Financial Reports
- 84. Nonprofit Nebraska-licensed Mental Health Centers**
Statutory citation: [77-2704.12\(1\)](#)
Enacted: 2012
Description: Purchases by nonprofit mental health centers licensed under the Health Care Facility Licensure Act are exempt only on purchases for use at the licensed facility.
Estimate: \$378,000
Data source: Nebraska Department of Health and Human Services
- 85. Nonprofit Nebraska-licensed Health Clinics**
Statutory citation: [77-2704.12\(1\)](#)
Enacted: 2012
Description: If one or more hospitals or the parent corporations of the hospitals own or control the health clinic for the purpose of reducing the cost of health services, or when the health clinic receives federal funds through the U.S. Public Health Service.
Estimate: \$923,000
Data source: Nebraska Department of Health and Human Services

86. Nonprofit Corporations Formed by Exempt Government Entities

Statutory citation: [77-2704.15](#)

Enacted: 2012

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

Estimate: Not available

Recent Sales Tax Exemptions

87. Membership or Admission to or Purchase by Zoo or Aquarium

Statutory citation: [77-2704.67](#)

Enacted: 2015

Description: Sales 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.

Estimate: \$689,000

Data source: National Center for Charitable Statistics; U.S. Census Bureau, Economic Census

88. 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: \$15,580,000

Data source: U.S. Census Bureau, Economic Census; U.S. Department of Agriculture, Agricultural Census.

89. Energy Used to Compress Natural Gas for Fuel

Statutory citation: [77-2704.05](#)

Enacted: 2014

Description: Sales 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 compressing natural gas for retail sale as a vehicle fuel.

Estimate: Not available

90. Sanitary Drainage Districts

Statutory citation: [77-2704.15](#)

Enacted: 2015

Description: Purchases by sanitary drainage districts.

Estimate: Not available

91. Automobile Museums

Statutory citation: [77-2704.65](#)

Enacted: 2014

Description: Purchases of a historic automobile museum which is open to the public for at least four hours per week, on average, and is used to maintain and exhibit at least 150 vehicles.

Estimate: \$96,000

Data source: U.S. Census Bureau, Economic Census; Nebraska Department of Revenue sales and use tax records

Services Purchased for Nonbusiness Use

With the available data sources, the Department is unable to separate business use from non-business use in many of the following services.

92. Motor Vehicle Cleaning and Repair

Motor vehicle cleaning: *

Total motor vehicle repair: \$17,971,000

- Body repair: \$7,061,000
- Brake repair: \$1,203,000
- Electrical system repair: \$703,000

- Repair of recreational motor vehicles: \$57,000
- Other repair services, such as muffler and exhaust systems, air conditioning and heating systems, etc.: \$2,254,000
- Power train repair: \$3,834,000
- Scheduled preventative maintenance: \$2,349,000
- Wheel and alignment services: \$510,000

Source: U.S. Census Bureau, Economic Census

***Note:** [Neb. Rev. Stat. § 77-382\(1\)](#), 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.

93. Cleaning and Repair of Clothing

Total cleaning of clothing: \$2,265,000

- Coin-operated laundry and dry cleaning: \$626,000
- Dry cleaning services: \$980,000
- Other laundry services: \$659,000

Repair of clothing: *

Source: U.S. Census Bureau, Economic Census

***Note:** [Neb. Rev. Stat. § 77-382\(1\)](#), as amended by LB 989 (2014), requires a listing for “cleaning and repair of clothing;” however, the repair of clothing is subject to sales tax.

94. Cleaning and Repair of Tangible Personal Property

Cleaning of tangible personal property: Not available

Maintenance of tangible personal property: *

Repair of tangible personal property: *

Source: U.S. Census Bureau, Economic Census

***Note:** [Neb. Rev. Stat. § 77-382\(1\)](#), as amended by LB 989 (2014), requires a listing for “cleaning and repair of tangible personal property;” however, maintenance and repair of tangible personal property is subject to sales tax.

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

Estimate: \$11,571,000

- Painting and wall covering contractors: \$679,000
- Poured concrete foundation and structure contractors: \$373,000
- Framing contractors: \$46,000
- Glass and glazing contractors: Not available
- Roofing contractors: \$824,000
- Siding contractors: \$436,000
- Electricians: \$1,218,000
- Plumbing, heating, and air conditioning contractors: \$6,257,000
- Drywall and insulation contractors: \$351,000
- Flooring contractors: \$129,000
- Carpentry contractors: \$1,258,000

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 [77-382](#).

96. Entertainment Admissions

Estimate: *

Source: U.S. Census Bureau, Economic Census

***Note:** [Neb. Rev. Stat. § 77-382\(1\)](#), as amended by LB 989 (2014), requires a listing for “entertainment admissions;” however, entertainment admissions are subject to sales tax.

97. Personal Care Services

Estimate: \$9,746,000

- Hair care services: \$6,341,000
- Hair removal services: \$190,000
- Massage services: \$381,000

- Nail care services: \$965,000
- Other beauty and personal care services: \$211,000
- Skin care services: \$342,000
- Tanning services: \$1,316,000

Source: U.S. Census Bureau, Economic Census

98. Lawn Care, Gardening, and Landscaping Services

Estimate: \$203,000

- Lawn care: \$186,000
- Gardening: \$17,000
- Landscaping: *

Source: U.S. Census Bureau, Economic Census

***Note:** [Neb. Rev. Stat. § 77-382\(l\)](#), as amended by LB 989 (2014), requires a listing for “lawn care, gardening, and landscaping services;” however, labor associated with sales of live plants and labor associated with installing certain landscaping materials are subject to sales tax.

99. Pet-related Services

Estimate: \$14,581,000

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.

100. Storage and Moving Services

Estimate: \$7,758,000

- Used household goods moving services: \$6,405,000
- Lessors of mini-warehouses and self-storage units: \$1,253,000

Source: U.S. Census Bureau, Economic Census

101. Household Utilities

Estimate: *

Source: U.S. Census Bureau, Economic Census

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

102. Other Personal Services

Estimate: \$3,537,000

- Weight loss services: \$715,000
- Tattoo and body modification services: \$1,390,000
- Interment of human remains: \$431,000
- All other personal services, including bail bonding, shoeshine, wedding planning, social escorts, and plots for human remains: \$1,001,000

Source: U.S. Census Bureau, Economic Census

103. Taxi, Limousine, and Other Transportation Services

Estimate: \$934,000

- Local, fixed-route passenger transportation by road and transit rail: \$494,000
- Long-distance passenger transportation by road, except fixed-route: \$71,000
- Local taxi service: \$67,000
- Local passenger transportation by chartered road vehicles, except limousines: \$2,000
- Local passenger transportation by limousines and similar luxury vehicles: \$142,000
- Special needs transportation service, including paratransit, senior citizen, etc.: \$130,000
- Sightseeing services by ground vehicles: \$28,000

Source: U.S. Census Bureau, Economic Census

Note: Estimates above include transportation services sold to businesses.

104. Legal Services

Estimate: \$55,372,000

Source: U.S. Census Bureau, Economic Census

Note: Estimate includes legal services purchased by businesses.

105. Accounting Services**Estimate:** \$6,541,000**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.**106. Other Professional Services****Estimate:** \$259,963,000

- Investment advice: \$5,470,000
- Travel agencies: \$1,975,000
- Tour operators: \$99,000
- Pest control: *
- Offices of physicians: \$178,399,000
- Offices of dentists: \$36,940,000
- Offices of chiropractors: \$6,746,000
- Offices of optometrists: \$3,943,000
- Offices of mental health practitioners: \$4,003,000
- Family planning: \$161,000
- Substance abuse: \$4,119,000
- Other outpatient services: \$18,108,000
- Detective and security services: *

Source: U.S. Census Bureau, Economic Census***Note:** Detective and security services and pest control are subject to sales tax.**107. Other Real Estate Services****Estimate:** \$32,163,000

- Building Cleaning: *
- Offices of real estate agents: \$30,508,000
- Offices of real estate appraisers: \$1,655,000

Source: U.S. Census Bureau, Economic Census***Note:** Building cleaning is subject to sales tax.

Telecommunications

108. Telecommunications Access Charges**Statutory citation:** [77-2704.51](#)**Enacted:** 1989**Description:** Gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in Nebraska of telecommunication services between telecommunications companies, including division of revenues, settlements, or access charges.**Estimate:** \$12,450,000**Data source:** Federal Communications Commission ARMIS Report 43-01 and 43-08**109. Prepaid Calling Arrangements****Statutory citation:** [77-2704.52](#)**Enacted:** 1989**Description:** Telephone services using a prepaid telephone calling arrangement.**Estimate:** \$1,134,000**Data source:** Federal Communications Commission, Wireless Competition Report**110. 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:** \$998,000**Data source:** U.S. Census Bureau, Economic Census

111. Nonvoice Data Services

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

Enacted: 2009

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

Estimate: Not available

Credits and Refunds

112. 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

113. 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: \$0

114. 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

115. 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

116. 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. The fee is computed on the basis of each licensed location when a combined return is filed.

Estimate: \$13,317,077

117. Administrative Fee for Cities

Statutory citation: [77-27,144](#)

Enacted: 1969

Description: The State deducts a 3% administrative fee from local sales and use tax collections.

Estimate: \$11,259,866

Note: The fee is redistributed to municipalities pursuant to [77-27,139.03](#).

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 Tax¹

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 2016, 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 federal personal exemption of the taxpayer. For tax year 2016, the credit is \$131.

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 Nebraska income tax; or a standard deduction equal to the smaller of the federal standard deduction or the Nebraska standard deduction amounts specified in § [77-2716.01\(2\)\(b\)](#). 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 Tax¹

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 Tax¹

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 2015 and 2016 is 5.58% on the first \$100,000 of taxable income and 7.81% on the excess.

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

The statutory language was changed for years beginning on and after January 1, 2013, from a percent of the primary rate to just specifying the rate. See [77-2734.02\(1\)\(a\)](#) and [\(b\)](#).

Financial Institution Tax¹

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 2016 taxable year is 7.81% so the limitation rate is equal to 3.81%. 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 47 cents per \$1,000 of average deposits, limited by the institution's net financial income multiplied by 3.81%. 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.

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

Individual, Fiduciary, and Corporation Income Taxes

Statutory Reference and Description	Actual or Estimated Tax Expenditure Cost (NA = Not Available)
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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.

NA²

Nebraska income tax liability after nonrefundable credits not greater than federal income tax liability before credits.

Statutory citation: [77-2715](#)

Description: A taxpayer with less than \$5,000 in adjustments increasing income will not have a Nebraska tax larger than their federal tax.

Estimate: \$7,979,319

²Figures are not available, nor applicable for any deductions (corporation) and adjustments to income (individual, fiduciary, and corporation) allowed by the Internal Revenue Service and federal regulations; since Nebraska corporation income tax is based on federal taxable income, Nebraska individual income tax is based on federal AGI, plus and minus adjustments, and Nebraska fiduciary income tax is based on taxable income.

Deductions¹

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: \$41,958,000

Note: State taxation of the interest on federal obligations prohibited by federal law.

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: Not available

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: \$12,207,000

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: \$9,727,000

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: \$3,712,000

Nebraska Long-term Care Savings Plan

Statutory citation: [77-2716\(11\)\(a\)](#)

Description: Individuals may take a deduction for contributions to the Nebraska Long-term Care Savings Plan. The deduction is limited to \$2,000 per year for married, filing jointly returns and \$1,000 for all other returns. The deduction is scheduled to sunset January 1, 2018.

Estimate: \$28,000

¹Estimated tax loss for tax year 2016.

Nebraska Standard Deduction

Statutory citation: [77-2716.01\(2\)](#)

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(2)(b). Additional standard deduction amounts are allowed to elderly and blind taxpayers.

Assumption: No standard deduction and no itemized deduction.

Estimate: \$556,456,000

Nebraska Itemized Deductions

Statutory citation: [77-2716.01\(3\)](#)

Description: An individual taxpayer itemizing deductions 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 Nebraska income taxes paid.

Assumption: Itemizers will take the Nebraska standard deduction if no itemized deductions are allowed.

Estimate: \$114,227,000

Corporation Nonapportionable Income

Statutory citation: [77-2734.06](#)

Description: Corporate taxpayers are allowed to deduct nonapportionable 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: \$16,729,000

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

Achieving a Better Life Experience (ABLE) Account

Statutory citation: [77-2716\(8\)\(b\)](#)

Description: Individuals, corporations, or fiduciaries that make a contribution to an account 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: \$560,000

Exclusions²

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: \$20,805,000

²Estimated tax loss for tax year 2016.

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: \$84,000,000

Partial Income Tax Exemption for Military Retirement Income

Statutory citation: [77-2716\(14\)](#)

Description: A taxpayer may make a one-time election within two years after the date of his or her retirement from the military to exclude a portion of military retirement benefits from federal adjusted gross income subject to Nebraska income tax.

Estimate: \$1,050,000

Partial Income Tax Exemption for Social Security Income

Statutory citation: [77-2716\(13\)](#)

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 \$58,000 for married couples, filing jointly, or \$43,000 for all other tax returns.

Estimate: \$31,000,000

Credits³

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: \$15,000

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: \$12,332,000

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: \$49,000,000

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: \$801,000

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: \$79,000

³Credit amounts are actual for tax year 2014.

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: \$5,795,000

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: \$30,844,000

Nebraska Personal Exemption Credit

Statutory citation: [77-2716.01](#)

Description: A nonrefundable credit of \$131 for 2016 is allowed to resident individuals for every federal personal exemption.

Estimate: \$188,000,000

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, electric cooperatives, or credit unions for certain in-lieu-of intangible taxes paid.

Estimate: \$21,100,000

Income Tax Credit for Investment in Biodiesel Facility

Statutory citation: [77-2734.03\(6\)](#), [77-27,236\(1\)](#), [77-27,236\(2\)\(a\) through \(f\)](#)

Description: A nonrefundable credit is allowed a taxpayer investing in a biodiesel facility.

Estimate: Minimal

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](#).

Invest Nebraska Act Credits

Statutory citation: [77-5501](#)

Description: A qualifying business selects one of the following options in its application: (1) \$10 million investment and 25 new employees whose annual wage exceeds the Nebraska average annual wage [only available for projects located outside of counties with 100,000 or more population]; (2) \$50 million investment and 500 new employees, or \$100 million investment and 250 new employees, whose annual

wage must exceed 110% of the Nebraska average annual wage; or (3) \$200 million investment and 500 new employees whose annual wage must exceed 125% of the Nebraska average annual wage. If the company reaches and maintains the selected levels, it is eligible for benefits. 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](#).

Angel Investment Tax Credit Act

Statutory citation: [77-6301](#)

Description: Provides refundable state income tax credits to qualified investors that invest in qualified early-stage companies.

Estimate: \$4,000,000

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. No taxpayer may claim this credit until the 2014 tax year return is filed in 2015.

Estimate: \$15,000,000

Preferential Tax Rates⁴

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: \$820,391,000

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 7.81% applied to the excess.

Estimate: \$9,900,000

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

⁴Estimated tax loss for tax year 2016.

Financial Institution Tax

Exemptions

Federal Credit Unions & Mutual Fund Companies

Statutory citation: [77-3802\(1\)](#), [77-3801\(4\)\(a\)](#), [77-3801\(4\)\(b\)](#)

Description: The franchise tax is not imposed on federal credit unions and mutual fund companies.

Estimate: \$350,000

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: \$80,000

Section C — Property Assessment and Homestead Exemptions

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. 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 is an exemption for business and agricultural inventory, and for certain business personal property belonging to qualifying companies under the Employment and Investment Growth Act or the Nebraska Advantage Act.

Personal property used directly in the generation of electricity using wind as the fuel source is exempt from personal property tax. Wind energy generation facilities pay a nameplate capacity tax in place of personal property tax and the real property is assessed locally by the county assessor.

There is also an exemption for any depreciable tangible personal property used directly in the generation of electricity using 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 facilities will also pay a nameplate capacity tax in place of the personal property tax.

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, is exempt from the personal property tax.

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.

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 for Honorably Discharged Disabled Veterans, 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 [Real 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, but is approximately \$89.57 per \$100,000 of value.

The [Personal Property Tax Relief Act](#) (Act), beginning in 2016, provides for an exemption of the first \$10,000 of tangible personal property value for each tax district in which a personal property return is filed by a taxpayer. Failure to report tangible personal property on the personal property return results in a forfeiture of the exemption for any personal property not timely reported for that year. The Act provides an exemption factor for centrally assessed taxpayers. It also provides a reimbursement mechanism for any taxes lost by the county and political subdivisions as a result of the exemption.

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 15, 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 tax list of taxable real and personal property 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.

Statutory Reference and Description	Actual or Estimated Tax Expenditure Cost (NA = Not Available)
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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.

Section 2-4243 Property belonging to the Conservation Corporation.	NA
Section 3-209 Airports and landing fields acquired by a municipality.	NA
Section 3-511 Property belonging to city airport authorities.	NA
Section 3-621 Property belonging to county airport authorities.	NA
Section 3-714 Property belonging to joint airport authorities.	NA
Section 12-506 Property belonging to cemetery associations.	NA
Section 12-517 Burial lots sold by a cemetery association for interment.	NA
Section 14-812 Property belonging to metropolitan cities.	NA
Section 14-1721 Property belonging to municipal parking authorities.	NA
Section 14-1810 Property belonging to metropolitan transit authorities.	NA
Section 15-844 Property belonging to primary class cities.	NA
Section 21-2311 Property belonging to industrial development public corporations.	NA
Section 23-35,117 Property belonging to hospital authorities.	NA
Section 37-301 Property held by the Nebraska Game and Parks Commission.	NA
Section 51-512 Property belonging to public museums.	NA
Section 58-268 Property belonging to the Nebraska Investment Finance Authority.	NA

Section 77-202(1)(a)&(b)	Property of Nebraska and its governmental subdivisions.	NA
Section 77-202(1)(c)	Property owned by and used exclusively for agricultural and horticultural societies.	NA
Section 77-202(1)(e)	Household goods and personal effects when not used for profit.	NA
Section 77-202(2)	Increased value of land due to shade or ornamental trees planted along the highway.	NA
Section 77-202(3)	Tangible personal property that is not depreciable.	NA
Section 77-202(4)	Motor vehicles required to be registered for operation on the highways of Nebraska.	NA
Section 77-202(5)	Business and agricultural inventory.	NA
Section 77-202(7)	Livestock.	NA
Section 77-202(9)	Any depreciable tangible personal property used directly in the generation of electricity using wind as the fuel source.	NA
Section 77-202(10)	Any tangible personal property acquired by a person operating as a data center.	NA
Section 77-202.24	A mobile home owned and occupied by a disabled or blind veteran.	NA
Section 77-212	Space provided for supportive medical services to patients in hospitals is exempt from the in-lieu-of payment provided for in § 77-211 .	NA
Sections 77-202(6), 77-4101, 77-4105, 77-5701, and 77-5725	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 hiring of employees. If the taxpayer meets the criteria required, then certain personal property of the project may qualify for property tax exemption.	(See Section U)
Sections 77-202(6), 77-5201 through 77-5215	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.	NA

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) certain disabled individuals; or (3) certain totally disabled veterans 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 2015 was \$71,588,955.74. One hundred percent was reimbursed to the counties by the State of Nebraska. The table in Section C, [page 6](#) lists the total homestead exemption to each county.

Sections [77-3507](#), [77-3508](#), and [77-3509](#)

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](#) (2014 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](#) and [77-3509](#), 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.

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](#) and [77-3509](#), 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.

Preferential Tax Rates and Valuation

Statutory Reference and Description	Actual Tax Expenditure Cost (NA = Not Available)
Section 77-201(2) Agricultural land and horticultural land is valued at 75% of its actual value.	NA
Section 77-201(3) Agricultural land and horticultural land receiving special valuation is valued at 75% of its special valuation.	NA
Section 77-1344 Land valued for agricultural use where actual value for other use would be higher.	NA
Section 77-1385 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.	NA

2015 Homestead Tax Loss

Adams	\$1,304,972	Jefferson	\$282,215
Antelope	216,163	Johnson	159,898
Arthur	12,063	Kearney	190,561
Banner	14,278	Keith	443,504
Blaine	5,866	Keya Paha	10,285
Boone	151,004	Kimball	156,666
Box Butte	326,981	Knox	237,958
Boyd	49,219	Lancaster	11,294,870
Brown	111,034	Lincoln	1,704,865
Buffalo	1,788,138	Logan	24,105
Burt	323,760	Loup	11,654
Butler	263,166	Madison	1,225,442
Cass	1,228,964	McPherson	7,906
Cedar	243,137	Merrick	310,876
Chase	136,052	Morrill	179,088
Cherry	179,790	Nance	112,979
Cheyenne	452,680	Nemaha	238,332
Clay	175,543	Nuckolls	121,325
Colfax	289,836	Otoe	746,075
Cuming	284,658	Pawnee	71,407
Custer	396,023	Perkins	63,242
Dakota	568,592	Phelps	365,088
Dawes	341,435	Pierce	260,138
Dawson	785,549	Platte	1,340,040
Deuel	62,917	Polk	161,357
Dixon	159,914	Red Willow	372,731
Dodge	1,768,266	Richardson	300,009
Douglas	19,623,214	Rock	26,184
Dundy	22,428	Saline	492,137
Fillmore	141,478	Sarpy	6,747,914
Franklin	96,304	Saunders	1,289,339
Frontier	85,036	Scotts Bluff	2,113,123
Furnas	115,353	Seward	630,689
Gage	1,202,340	Sheridan	147,021
Garden	61,042	Sherman	120,169
Garfield	107,116	Sioux	15,283
Gosper	108,105	Stanton	192,092
Grant	12,661	Thayer	146,785
Greeley	75,993	Thomas	15,742
Hall	2,730,706	Thurston	80,435
Hamilton	294,696	Valley	208,807
Harlan	120,742	Washington	1,088,760
Hayes	16,312	Wayne	226,089
Hitchcock	78,589	Webster	112,953
Holt	293,206	Wheeler	6,211
Hooker	18,418	York	380,136
Howard	312,731	State Total	\$71,588,955

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 Nebraska Department of Revenue 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 Nebraska Department of Revenue Property Assessment Division Cash Fund.

Statutory Reference And Description	Actual Tax Expenditure Cost (NA = Not Available)
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Exemptions

Section 77-202(1) Governmental Subdivisions and Nonprofit Organizations	NA
Section 77-4105 and/or Section 77-5725 Railroad Personal Property	\$0 ¹
Public Service Entity Personal Property	\$0 ¹
Air Carrier Flight Equipment	\$0 ¹

¹Based on tax year 2015 net book taxable personal property value exempted, multiplied by the state’s average tax rate for 2015.

Deductions

Section 77-684 Car line companies collection fee	\$113,586 ²
Section 77-1250 Air carriers collection fee	\$14,543 ²

²Based on tax year 2015 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 Department of Revenue Property Assessment Division Cash Fund. (Tax year 2015 taxes are collected during 2016.)

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. §§ [53-124](#) and [53-131.01](#) provide for the payment of registration and annual license fees 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, nonbeverage 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 Temporary School Fund of the district lying wholly or partially within the corporate limits of the city or village. 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 Temporary School Fund. Registration fees received by the Commission are placed in the State General Fund.

Statutory Reference and Description	Actual Tax Expenditure Cost (NA = Not Available)
--	--

Exemptions

Section [53-168.06](#)

The following activities are excluded from the definition of manufacturing and distribution and, therefore, are not subject to the Liquor Tax:

- | | |
|---|---------|
| (1) The possession and transportation of alcoholic liquors for the personal use of the possessor, his or her family, and guests; | NA |
| (2) The making of 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; | NA |
| (3) The possession and use by a licensed practicing physician or dentist in the strict practice of his or her profession; | Minimal |
| (4) The possession and use by a hospital or other institution caring for the sick and diseased persons, for the treatment of patients of the hospital or institution; | NA |
| (5) The possession and use by a drug store employing a licensed pharmacist in the compounding of prescriptions from licensed physicians; and | NA |
| (6) The possession and dispensation of wine by an authorized representative of any church for the purpose of conducting any bona fide rite or religious ceremony conducted by the church. | NA |

Section 53-164.01

Liquors shipped out-of-state for sale or consumption outside Nebraska are exempt. NA

Section 53-160

Dry or fortified wines manufactured or imported solely and exclusively for sacramental purposes are exempt. NA

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. \$0

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. NA (State taxation prohibited)

Section 53-160.01

No direct or indirect excise tax is imposed upon the sale, use, delivery, or storage of articles of merchandise to or by any instrumentality of the U.S. armed forces engaged in resale activity. NA (State taxation prohibited)

Deduction

Section 53-164.01

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. \$307,725

Credits

Section 53-161

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. \$99,210

Section 53-164.01

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. \$23,187

Preferential Tax Rates

Section 53-160

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 effective July 1, 2003.

Beer - \$0.31 per gallon	A one cent increase would generate \$462,010 in additional revenue.
Wine - \$0.95 per gallon (14% or under of alcohol content)	A five-cent increase would generate \$167,599 in additional revenue.
Alcohol and Spirits - \$3.75 per gallon	A five-cent increase would generate \$175,482 in additional revenue.
Wine from Farm Wineries - \$0.10 per gallon	A five-cent increase would generate \$4,921 in additional revenue.
Wine from Direct Shippers - \$0.95 per gallon	A five-cent increase would generate \$3,066 in additional revenue.
Micro Distilleries - \$3.75 per gallon	A five-cent increase would generate \$542 in additional revenue.

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 (Department). The Department 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. The sale or rental of bingo cards to the public is not subject to sales tax. The proceeds from the conduct of 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 the conduct of 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 the Department.

Lottery by Pickle Card

A nonprofit organization wishing to sell pickle cards must apply for and obtain a license from the Department. 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 liquor locations, known as pickle card operators. Any person or business holding a retail liquor license with the Nebraska Liquor Control Commission may apply to the Department 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 the Department 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 the Department.

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 the payment of sales tax. The sale of 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 the Department. An annual registration fee is required and each device must be affixed with a registration decal issued by the Department.

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 the value of all prizes is in merchandise) with gross proceeds in excess of \$5,000, must first apply for and obtain a license from the Department. 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. The sale of lottery or raffle tickets to the public is not subject to sales tax.

The lottery/raffle tax return is filed on a quarterly basis, 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 the Department 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 the Department. In addition to the licensing requirements for the community and the lottery operator, all persons who perform any work directly related to the conduct of the lottery, other than a person whose sole responsibilities are those of a keno writer, must apply for and obtain a lottery worker license from the Department. 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 the Department 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 the Department.

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 the Department's Charitable Gaming Division. The remaining 60% is transferred to the General Fund. On or before November 1 of each year, \$50,000 is transferred from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund if these funds are available. 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.

Statutory Reference and Description

Estimated Tax Expenditure Cost (NA = Not Available)

Exemptions

Neb. Rev. Stat. § [9-230](#)

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.

Minimal

Regulation [35-215.01A](#)

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.

Minimal

Neb. Rev. Stat. § [9-429](#)

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.

NA

4 U.S.C. 109 and 25 U.S.C. 2701, et al.

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 on Indian land 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 on Indian land. Federal law prohibits state taxation relative to these activities.

NA
(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 wholesale dealer who obtains an annual Nebraska Cigarette Wholesale Dealer's Stamping 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.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exemptions

Section [77-2607](#)

The portion of the wholesale dealer'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. NA

4 U.S.C. 107

Federal law prohibits state taxation of cigarettes sold to the U.S. government or any of its agencies. \$0

Deductions

Section [77-2608](#)

The Tax Commissioner sells the cigarette tax stamps only to licensed wholesale dealers. The sale of cigarette tax stamps to licensed wholesale dealers 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. \$1,038,552

Credits

Section [77-2610](#)

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. \$569

4 U.S.C. 109, et al.

Federal law prohibits state taxation of cigarettes sold to Native American Indians in Indian country as defined by federal law within Nebraska. A credit is allowed by the state to licensed cigarette wholesale dealers for the amount of tax credited by them to retailers who make exempt sales of cigarettes to Native American Indians. \$323,227
(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.

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 exceeds \$100,000,000	23,990
400,000.01 - 450,000	730		

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

¹For 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](#)).

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](#)).

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

Each year, several domestic and foreign corporations request refunds for overpayment of their corporation occupation tax. The statutes are silent as to the amount of money the Secretary of State can refund.

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](#)).

A biennial fee of \$20 is levied against nonprofit corporations. The fee is collected in the odd-numbered years on a biennial basis and remitted to the State Treasurer. Two-thirds of the fee is credited to the General Fund and the remaining one-third to the Corporation Cash Fund.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exemptions

Section [21-321](#)

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 provisions of these sections.

NA

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 2015, there was a total of 83,539 transactions (52,128 taxable and 31,231 nontaxable). Total collections for tax year 2015 were \$23,521,001. From this total, \$5,226,362 was retained by the counties and \$18,294,639 was credited to the funds listed above.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exemptions

Section [76-902\(1\)](#)

Deeds recorded prior to November 18, 1965.

NA

Section [76-902\(2\)](#)

Deeds to property transferred by or to the U.S., the State of Nebraska, or any of their instrumentalities, agencies, or subdivisions.

NA

Section [76-902\(3\)](#)

Deeds which secure or release a debt or other obligation.

NA

Section [76-902\(4\)](#)

Deeds which, without additional consideration, confirm, correct, modify, or supplement a deed previously recorded; that do not extend or limit existing title or interest.

NA

Section [76-902\(5\)](#)

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.

NA

Section [76-902\(6\)](#)

Tax deeds.

NA

Section [76-902\(7\)](#)

Deeds of partition.

NA

Section [76-902\(8\)](#)

Deeds for mergers, consolidations, sales, or transfers of the assets of corporations due to the plans of merger or consolidation.

NA

Section [76-902\(9\)](#)

Deeds made by a subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock.

NA

Section [76-902\(10\)](#)

Cemetery deeds.

NA

Section 76-902(11) Mineral deeds.	NA
Section 76-902(12) Deeds executed pursuant to court decrees.	NA
Section 76-902(13) Land contracts.	NA
Section 76-902(14) Deeds which release a reversionary interest, a condition subsequent or precedent, a restriction, or any other contingent interest.	NA
Section 76-902(15) Deeds of distribution by a personal representative conveying property passing by testate or intestate succession.	NA
Section 76-902(16) Transfer on death deeds or revocations of transfer on death deeds.	NA
Section 76-902(17) Certified or authenticated death certificates.	NA
Section 76-902(18) Deeds transferring property located within the boundaries of an Indian reservation if the grantor or grantee is a reservation Indian.	NA
Section 76-902(19) Deeds transferring property into a trust where the transfer of the same property would be exempt if the transfer was made directly from the grantor to the beneficiaries under the trust.	NA
Section 76-902(20) Deeds transferring property from a trustee to a beneficiary of a trust.	NA
Section 76-902(21) 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.	NA
Section 76-902(22) Leases.	NA
Section 76-902(23) Easements.	NA
Section 76-902(24) Deeds which transfer title from a trustee to a beneficiary pursuant to a power of sale exercised by a trustee under a trust deed.	NA
Section 76-902(25) Deeds transferring property, without actual consideration therefor, to a nonprofit organization that is exempt from federal income tax revenue under Internal Revenue Code (IRC) § 501(c)(3) and is not a private foundation as defined in IRC § 509(a).	NA

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 is credited to the county general fund or to any other fund of the county selected by the county board.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exemptions

Sections [77-2004](#) and [30-2322](#)

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. NA

Sections [77-2004](#) and [30-2323](#)

Exempt property is not subject to the inheritance tax. 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. NA

Sections [77-2004](#), [30-2324](#), and [30-2325](#)

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. NA

Section [77-2004](#)

The first \$40,000 of the clear market value of property received by each lineal relative or sibling of the decedent is exempt. NA

Section [77-2004](#)

Interests passing to the surviving spouse are exempt. NA

Section [77-2005](#)

The first \$15,000 of the clear market value of property received by each cousin and other remote relative of the decedent is exempt. NA

Section [77-2006](#)

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.

NA

Section [77-2007](#)

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.

NA

Section [77-2007.03](#)

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.

NA
(State taxation of property transferred to the US government or any of its departments, instrumentalities, or agencies prohibited.)

Section [77-2007.04](#)

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.

NA

Credits

Section [77-2018.06](#)

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.

NA

Preferential Tax Rates

Sections [77-2004](#), [77-2005](#), and [77-2006](#)

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

Classification	Amount of Property	Tax Rate	
Lineal relatives and siblings	\$40,000.01 & over	1%	NA
Remote relatives	\$0-15,000	0%	NA
	\$15,000.01 & over	13%	
Non-relatives	\$0-10,000	0%	NA
	\$10,000.01 & over	18%	

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, 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; except that (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 was 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.

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 2015, \$45,890,164 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 2015, \$3,779,522 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.

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. All prepayments paid by insurers writing health insurance in this state shall be remitted to the Comprehensive Health Insurance Pool Distributive 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 2015, \$4,028,734 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 2015, \$-0- was allocated to the Workers' Compensation Trust Fund; tax was not assessed because 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 (NA = Not Available)
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Exemptions

	Domestic	Foreign
Section 77-907 Premiums on all annuity contracts written by insurance companies.	\$2,757,482	\$13,085,366
Section 77-907 (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.	\$552,715	\$3,529,960
Section 77-908¹ Fraternal beneficiary associations:		
On gross life and A&H premiums written; or If dividend deduction were allowed.	\$25,691 \$24,903	\$1,188,774 \$1,177,895
On gross annuity contract premiums written; or If dividend deduction were allowed.	\$17,641 \$17,641	\$1,025,273 \$1,024,470

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

Deductions

Sections 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.	\$348,429	\$1,220,383
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Section 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.	\$49,967 ²	\$450,665 ²
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Section 77-908

Credit for contributions to Community Development Assistance Act.	\$0	\$0
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²This amount reflects the calculated tax impact figure. The figure is based on both revenues and deductions claimed.

	Domestic	Foreign
Section <u>77-1101 to 77-1119</u>		
Credit for the New Market Job Growth Investment Act.	\$1,333,332	\$7,551,931
Section <u>77-2901 to 77-2912</u>		
Nebraska Job Creation and Mainstreet Revitalization Act.	\$0	\$0

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.

Statutory Reference and Description

**Estimated Tax
Expenditure Cost
(NA = Not Available)**

Exemptions

Sections [14-109](#), [15-203](#), [16-205](#), [17-525](#), and [18-1208](#)

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.

NA

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 furnished by any hotel (including a Nebraska-operated hotel), motel, tourist home, campground, inn, bed and breakfast, or lodging house in Nebraska for less than 30 consecutive days. The lodging tax is imposed in addition to the 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 an additional lodging tax of 2% or less for a County Visitors Promotion Fund and an additional lodging tax of 2% or less for a County Visitors Improvement Fund. A 3% administrative fee is deducted by the Nebraska Department of Revenue from any tax levied for a County Visitors Promotion Fund 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.

Statutory Reference and Description	Actual Tax Expenditure Cost (NA = Not Available)
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Exemptions

	State	Counties
Sections 81-3722, 77-2704.02, 77-2704.12(1), and 77-2704.15 through 77-2704.20	\$583,476	\$2,272,232

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 under-served;
- Nonprofit Nebraska-licensed skilled nursing facilities;
- Nonprofit Nebraska-licensed intermediate care facilities;
- Nonprofit Nebraska-licensed assisted-living facilities;
- Nonprofit Nebraska-licensed intermediate care facilities for 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 centers;
- 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

Deductions

	State	Counties
<p>Section 81-3723 The state retains 3% of the county lodging tax receipts for a County Visitors Promotion Fund as an administrative fee to defray the cost of collecting and administering the tax.</p>	\$0	\$603,000 ¹

¹The administrative fee is deposited 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 may be 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. The fixed portion increased to 11.8 cents per gallon on January 1, 2016, and will be increased by an additional 1.5 cents per gallon each January 1 through 2019. 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 2015 was 25.6 cents. For the second half of 2015, it was 26.1 cents. For the first half of 2016, it was 26.8 cents. For the second half of 2016, it is 25.8 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.

Qualified exemptions for motor vehicle fuels are:

- exports with sales or use in a state other than Nebraska;
- sales to the U.S. 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

¹Under 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.

While natural gasoline purchased for use as a denaturant in the production of ethanol is exempted 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).

Qualified exemptions for diesel fuels are:

- exports with sales or use in a state other than Nebraska;
- sales to the U.S. 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 country¹; 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 may be 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 may be 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. Application for the required license is completed by submitting a [Nebraska Motor Fuels License Application, Form 20MF](#).

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 on a Nebraska Indian reservation by a Native American that resides on a Nebraska Indian reservation, are exempt from the compressed fuel tax.¹

¹Under 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.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exemptions

Section 14-1810 Motor vehicle, compressed, and diesel fuels sold to and used in the operations of a metropolitan transit authority are exempt from tax.	\$230,000
Sections 66-4,103 and 66-4,116 Exempts foreign or interstate commerce from motor fuels tax.	NA (State taxation prohibited)
Section 66-489 Natural gasoline purchased by producers for use as denaturant.	\$10,420,000
Section 66-489 Federal law prohibits the state from taxing the U.S. or its agencies on their motor fuel purchases.	\$360,000 (State taxation prohibited)
Section 66-495 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.	\$180,000

Deductions

Section 66-486 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.	\$6,010,000
Sections 66-486, 3-148, and 3-149 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.	\$50,000
Section 66-486 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.	\$670,000
Section 66-6,113 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.	\$9,000

Credits and Refunds

Section 66-489 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.	\$110,000
Sections 66-489 and 66-741 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 1).	Minimal

Section [66-726](#)

Refund of motor fuels tax which was paid on fuel:

Destroyed	Minimal
Sold in a state outside Nebraska	Minimal
Agricultural, quarrying, industrial, or other non-highway use	\$1,800,000

Section [66-726](#)

Refund of aircraft fuels tax which was paid on fuel:

Destroyed	Minimal
Sold in a state outside Nebraska	Minimal

Section [3-150](#)

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.

Minimal

Preferential Tax Rates

Section [3-148](#)

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.

\$1,410,000

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. 70% 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 film vehicle fees collected by the DMV (§ [60-383](#));
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](#)); and
8. 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 \[11\]](#));
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, and Nebraska 150 Sesquicentennial license plates. Twenty-five percent 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.

**Statutory Reference
and Description**

Exemptions

Section [60-339](#)

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

NA

- 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.

Sections [60-366](#) and [60-367](#)

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 will 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.

NA

Section [60-373](#)

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 same upon the streets and highways of Nebraska solely for purposes of transporting, testing, demonstrating, or use in 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 same 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 same upon the streets and highways of Nebraska solely for purposes of transporting, testing, demonstrating to prospective customers, or use in 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.

NA

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.

NA

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. NA

Section [60-368](#)

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. NA

Section [60-3,160](#)

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. \$848,556

Section [60-3,185](#)

In addition to the registration fees provided by Chapter 60, article 3, and the motor vehicle fee imposed in section [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 section [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 section [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 section [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 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 section [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 section [77-202](#) if an application for the exemption provided in this subdivision has been approved under subsection (2) of section [60-3,189](#). NA

Soldiers' and Sailors' Civil Relief Act (section [60-3,185\[4\]](#))

This federal act allows nonresident military personnel stationed at a military base in Nebraska, or in one of the various recruiting services, to obtain tax-free license plates. Only the motor vehicle tax is exempt; the license fee and sales tax must be paid. NA
(Federal law prohibits state taxation)

Credits

Section [60-398](#)

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. NA

Section [60-3,198\(8\)](#)

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. NA

Section [60-3,200](#)

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 NA

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.

Section [60-395](#)

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.

NA

Section [60-396](#)

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 in the case of the unavailability of these certificates, number plates or tabs, then by making an affidavit to the treasurer of such 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.

NA

Preferential Tax Rates

Section [60-3,198](#)

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 sections [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 section [60-3,203](#) with the DMV. Upon receipt of this statement and application, the DMV shall determine the total fee payment which shall be equal to the amount of fees due pursuant to section [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 \$32 per ton based upon gross vehicle weight of the empty weights of any trailer, semi-trailer, or combination thereof with which it is to be operated in combination at any one time, plus the weight of the maximum load to be carried thereon at any one time. The registered vehicles shall be exempt from all further registration and license fees under sections [60-301 to 60-3,220](#) for movement or operation in the State of Nebraska, except as provided in section [60-3,203](#).

NA

Section [60-3,145](#)

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.

\$141,085

Section [60-3,146](#)

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 section [60-3,147](#), but at a reduced rate.

\$34,554,750

Section 60-3,147(4)(6)

Commercial trucks used exclusively for the transportation of livestock, unprocessed milk, poultry, grain, sugar beets, potatoes, and hay, must pay fees at a rate of 10% less than other commercial trucks.

NA

Section 60-3,149

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, must pay registration fees at one-half of the commercial truck fee rate, but in no case less than the minimum fee of \$18.

\$88,391

Section 60-3,111

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.

Minimal

Section 60-3,151

Trailers in Nebraska are registered and pay differing fees depending upon their classification:

NA

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.

Section 60-3,151

Recreational vehicles are registered and pay differing fees depending upon their classification:

NA

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

Section 60-3,155

Well-boring apparatus pay a registration fee of one-twelfth of the regular commercial registration fee.

\$440,873

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 March 1, 2016, the tax rate is 1.2%. Revenue from the conservation tax is deposited in the Oil and Gas Conservation Fund.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exclusions

<p>Section 57-702 Oil or gas used only in severing operations or for re-pressuring or recycling purposes is excluded from the oil and gas severance tax.</p>	NA
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Exemptions

<p>The Nebraska Department of Revenue has received an Attorney General's Opinion that interests of governmental units and Native American Indian tribes are exempt from the severance tax.</p>	\$0
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Preferential Tax Rates

<p>Sections 57-701(7) & (8) 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%.</p>	Minimal
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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%.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exemptions

Section [2-1208.01](#)

The first \$10 million wagered by the pari-mutuel method at every race meeting is not taxed.

\$858,000

Credits

Section [2-1208.01](#)

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.

\$720,518

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.

Statutory Reference and Description	Actual Tax Expenditure Cost (NA = Not Available)
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Deductions

Section [70-651.03](#)

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.

\$1,086,308¹

Section [70-651.05](#)

Public power districts are allowed to deduct from the gross revenue tax remitted to county treasurers the city occupation tax.

\$322,775¹

¹This 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 per 2015 Certificate of Taxes Levied Reports).

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 the Nebraska Department of Revenue 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 the Department 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 the Department for the actual cost of collecting and administering the fees. The Legislature appropriates money from this collection fund for the Department to cover the actual costs of administering the program.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exemptions

Sections [81-15,159 through 81-15,165](#)

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).	NA
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Sections [81-15,159 through 81-15,165](#)

Qualified tires sold for resale purposes.	\$330,585
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Sections [81-15,159 through 81-15,165](#)

Qualified tires sold and delivered to another state.	\$29,704
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Sections [81-15,159 through 81-15,165](#)

Qualified tires sold to the federal government and its agencies.	\$1,896
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Sections [81-15,159 through 81-15,165](#)

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.	NA
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Section T — Petroleum Release Remedial Action Fee (PRF)

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 \$11,142,734 for fiscal year 2015-16.

Statutory Reference and Description	Estimated Tax Expenditure Cost (NA = Not Available)
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Exemptions

Section [66-1510](#)

Natural gasoline used as a denaturant by a Nebraska ethanol facility.

\$380,000

Credits

Section [66-1521](#)

Any fee paid on petroleum which was taxed and then exported.

Minimal

Section [66-1521](#)

Any fee paid on petroleum which was taxed and then sold to a federal agency.

\$5,500

**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 2015 Annual Report to the Nebraska Legislature](#) prepared by the Department of Revenue. A copy of this report is provided annually to all members of the Unicameral.