



LB 209 (2012)

The Process for Reviewing State and Local Sales Tax Information at the Department of Revenue

LB 209

LB 209 [[Neb. Rev. Stat. § 77-2711\(14\)](#)]

allows a municipality to designate a single employee of the municipality to inspect sales tax return and return information of taxpayers that possess a sales tax permit and remit sales taxes for locations within the boundaries of the requesting municipality.

LB 209 (continued)

- Designation/Revocation Certification
- Confidential Tax Information Agreement
- Memorandum of Understanding Municipal Government Request for Sales Tax Return Information and Inspection
- Municipal Government Request for Tax Return Information, Form 8796-AL

Designation / Revocation Certification

- A municipality may designate a single employee to inspect confidential sales tax return information.
- The designation must be signed by the mayor of the municipal government.
- The same process applies for the revocation of an employee's certification.

Confidential Tax Information Agreement

- The designated municipal employee must sign a Confidential Tax Information Agreement before submitting a request to inspect confidential sales tax returns and sales tax return information.
- The employee may NOT duplicate or copy any requested documents or records or remove any requested tax return or tax return information.

Memorandum of Understanding

- A municipality must execute a Memorandum of Understanding prior to inspecting records.
- The MOU sets forth the conditions of a municipality's right to inspect confidential sales tax returns and return information and the Department's responsibilities in providing this information.

Form 8796-AL

- A designated municipal employee must file Form 8796-AL before inspecting confidential sales tax return information.
- An employee may only review the returns and return information related to taxpayers that:
 - possess a sales tax permit; and
 - remit sales taxes at locations within the boundaries of the requesting municipality.

Other Information Requests

- A municipality can also request a list of all businesses, regardless of location, that are remitting sales tax to their municipality.
- The request must generally be filed with the Department by June 30 annually.

Local Sales Tax

- Local sales tax rates - 0.5%, 1.0%, 1.5%, 1.75%, and 2.0%
 - **LB 357 (2012)** - allowed a municipality to impose a sales tax of **1.75% or 2.0%*** if the rate increase is approved by at least 70% of the municipality's governing board and by a vote of the citizens residing in the municipality.
 - 2.0% rate adopted by Alma, Sidney, and Waterloo.
 - A percentage of the revenues raised in excess of 1.5% must be used for public infrastructure projects, interlocal agreements, or to reduce other taxes.
- * **LB 104 (2013)** – limits the 1.75% or 2.0% sales tax increase to cities other than Omaha.

Local Sales Tax (continued)

- A local sales and use tax can only start, stop, or change on the first day of a calendar quarter, January 1, April 1, July 1, or October 1 per [Neb. Rev. Stat. § 77-27,143.](#)
- The effective date of the tax will be the first day of the next calendar quarter that is at least 120 days after the Department receives a certified copy of the ordinance imposing, increasing, or repealing a local sales tax.
- The Department must provide at least 60 days' notice of the change in tax to retailers before it becomes effective.

Local Sales Tax (continued)

The Department requires that the following documents accompany the ordinance approving the sales tax change:

- a certified **map** of the municipality;
- a certified copy of the **election results** from the county election commissioner; and
- a certified statement from the county election commissioner that the question of imposing a local sales tax **has not failed** in the previous 23 months.

Department Contact – Karen.Barrett@nebraska.gov

Local Sales Tax (continued)

- **Annexations** – a municipality must also notify the Department by certified or registered mail of any change in its boundaries. The notice must include a certified copy of the ordinance making the changes.
- The ordinance must be accompanied by a certified map of the municipality clearly showing the territory added or detached and a **list of all licensed retailers** within the annexed or detached territory.

Occupation Taxes

- A “privilege or license tax” on an occupation or business within **its boundaries**. The most common types of businesses affected are hotel operators, car rental companies, telecommunications providers, restaurants, and bars.
- A retailer selling items or services subject to sales tax must include the occupation tax in the sales price **before** calculating state and local sales tax.
- A business **cannot** combine the occupation tax rate with the sales or lodging tax rate and charge its customers one flat rate.

LB 209 - Tax Incentive Refunds

- The State will not deduct a refund of local sales tax under the Nebraska Advantage Act (LB 312) or Employment and Investment Growth Act (LB 775) from the local sales tax receipts of a **village or first or second class city** for at least one year after that refund is paid by the State.
- If a refund exceeds **25%*** of a municipality's total sales and use tax receipts for the prior fiscal year, the refund will be deducted in 12 equal installments commencing one year after the refund is paid to the taxpayer.

* **LB 64 (2013)** reduces the threshold from 25% to 12%. 14

Local Government Information Web Page

- Request for Sales Tax Return Information
- Nebraska Tax Incentives
- Municipal Boundary Changes
- Occupation Taxes
- Research and Statistical Reports
 - Net Taxable Sales (by County or City)
 - Sales and Use Tax Remitted to Cities
 - Lodging Tax Remitted to Cities
- Convention Center Facility Financing Assistance
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Garner Girthoffer, Legislative Liaison

301 Centennial Mall South

Lincoln, NE 68509

402-471-5885

garner.girthoffer@nebraska.gov

www.revenue.ne.gov