

# Summary of the 1998 Nebraska Tax Expenditure Report

## SECTION A-Sales and Use Tax, Nebraska and Local Option Tax Expenditures

| Page |   | Actual or Estimated<br>Tax Expenditure Cost<br>NA = Not Available |
|------|---|---|
|      | <b>Exemptions</b>   |   |
| A2   | Income from local telephone companies' gross receipts for the provision of communication services   | \$7,904,000   |
| A2   | Water for irrigation, manufacturing, and care of animal life  | 599,000   |
| A2   | Receipts from telephone directory advertising   | 3,439,000   |
| A2   | Charges for computer software training  | 1,950,000   |
| A2   | Income from video and film rentals when tax is charged on admission   | 1,069,000   |
| A2   | Cash discounts on sales and coupons   | 1,433,000   |
| A2   | Motor vehicle rebates   | 642,000   |
| A2   | Separately stated finance or interest charges for credit under a deferred payment plan  | 208,000   |
| A2   | Value of trade-ins taken with a sale of property  | 2,156,000   |
| A3   | Trade-in value of a motor vehicle   | 21,166,000  |
| A3   | Installation charges stated separately from the purchase price  | NA  |
| A3   | Occasional sales:   |   |
|      | An intercompany sale  | NA  |
|      | Garage sales  | 451,000   |
|      | Business or farm machinery and equipment  | NA  |
|      | Property by a religious organization  | NA  |
|      | Property of a trade or business to a single buyer   | NA  |
| A3   | Fees charged by schools at functions  | 108,000   |
| A3   | Fees charged by ballot candidates, independent, committees, and political party committees  | Minimal   |
| A3   | Property which will become a part of property which is manufactured for resale  | 532,000,000   |
| A4   | Refractory materials used to manufacture steel or cement  | 637,000   |
| A4   | Animal life whose products constitute food for human consumption  | 301,200,000   |
| A4   | Seeds and plants sold, the products being for human consumption   | 8,083,000   |
| A4   | Chemicals applied to land or crop, the products of which are used as food for human consumption   | 22,884,000  |
| A4   | Oxygen for use in aquaculture   | NA  |
| A4   | Nonreturnable containers, containers which hold contents not subject to sales tax, and returnable containers when sold with the contents or when sold for refilling   | 16,667,000  |
| A4   | Property which has been taxed in another state  | NA  |
| A4   | Materials and parts used in common or contract carriers; the purchase of such vehicles, watercraft, or aircraft; the purchase of accessories; and the purchase of equipment required by a regulatory agency | 16,889,000  |

| <b>Page</b> |  | <b>Actual or Estimated<br/>Tax Expenditure Cost<br/>NA = Not Available</b> |
|-------------|--|--|
|             | <b>Exemptions</b>  |  |
| A5          | Railroad rolling stock including rental or lease   | \$7,183,000  |
| A5          | Sale of property annexed to real estate  | NA   |
| A5          | Rentals of railroad rolling stock pursuant to the Interstate Commerce Act  | 799,000  |
| A5          | Room rentals for less than 30 days by hospitals, nursing homes, and<br>other facilities licensed by the state and rooms in college dormitories | 39,030,000   |
| A5          | Lodging rented for 30 days or longer   | 48,335,000   |
| A5          | Sales of property intended for resale or for rental  | 1,167,000,000  |
| A5          | Property retained solely for transporting out-of-state or to be<br>incorporated into other property which will be transported out-of-state     | 536,000  |
| A5          | Any person who purchases property in another state with the intent of<br>using such property at that location                                  | NA   |
| A5          | Purchases by the U.S. government   | 48,567,000   |
| A5          | Fuel for use in an aircraft  | 4,233,000  |
| A5          | Minerals, oil, and gas severed from the ground   | 3,840,000  |
| A5          | Motor vehicle fuels and special fuels  | 68,207,000   |
| A6          | Newspapers   | 3,395,000  |
| A6          | Leased property sold to a lessee   | NA   |
| A6          | Prescription medicines, medical equipment, and supplies  | 16,306,000   |
| A6          | Meals and food served by schools   | 2,640,000  |
| A6          | Meals and food products sold by a church   | 231,000  |
| A6          | Meals and food served to patients and inmates of hospitals and<br>other institutions   | 7,576,000<br>or 4,181,000  |
| A6          | Wire orders received by Nebraska florists  | 424,000  |
| A6          | Property shipped outside the state pursuant to a sale or contract  | 2,454,000  |
| A7          | Charges for fabrication of property owned by a customer which is<br>fabricated in this state and then shipped to a point outside this state    | NA   |
| A7          | Purchases made by religious organizations, schools, colleges,<br>universities, hospitals, nursing facilities, etc.                             | 30,533,000   |
| A7          | A contractor appointed as the purchasing agent of the above entities   | 7,162,000  |
| A7          | Refund of sales and use tax to organizations not using purchasing<br>agents for construction or repair projects                                | NA   |
| A7          | Sales and purchases of energy sources and fuels when more than fifty<br>percent of the amount purchases if for irrigation or farming           | NA   |
| A7          | Sales and purchases of such energy sources or fuels  | NA   |
| A8          | Coin-operated machines used by laundering and cleaning   | 340,000  |
| A8          | Purchases by state or local governments  | 136,600,000  |
| A8          | The appointment of purchasing agents as related to above   | (includes above)   |
| A8          | Purchases made by the State Board of Agriculture   | 40,400   |
| A8          | Purchases made by NIFA, the R & D Authority, the SBD Authority<br>Authority, and licensees of the State Racing Commission                      | NA   |
| A8          | Motor vehicles purchased by the V.A. or the Dept. of H.H.S. for a<br>disabled person   | 30,500   |

**Actual or Estimated  
Tax Expenditure Cost  
NA = Not Available**

**Page**

| <b>Exemptions</b>          |   |               |
|----------------------------|---|---------------|
| A8                         | Monthly subscription magazines or journals  | \$1,8420,000  |
| A8                         | Semen used in ranching, farming, or commercial use  | 346,000       |
| A9                         | Food excluding meals prepared for immediate consumption   | 120,414,000   |
| A9                         | Meals furnished at fraternities, sororities, co-ops, or summer camps  | 323,000       |
| A9                         | Property sold by parent-booster clubs, associations, parent-teacher-student associations, and stores approved by an elementary or secondary school  | 83,000        |
| A9                         | An aircraft delivered here to a nonresident when the aircraft is not to be registered or based in this state  | NA            |
| A9                         | Agricultural machinery for use in commercial agriculture  | 15,215,000    |
| A9                         | Lottery tickets sold pursuant to the State Lottery Act  | 3,832,000     |
| A9                         | Sales of syndicated programming for rebroadcast by radio or television station  | NA            |
| A9                         | Sales of molds, dies, and patterns  | NA            |
| <b>Credits and Refunds</b> |   |               |
| A9                         | Refund for tax paid on materials annexed outside the U.S.   | NA            |
| A9                         | Credit or refund is given when a written contract exists for a construction project and the rate is increased during the term   | NA            |
| A10                        | Credit is given to the retailer for sales charged off as worthless for income tax purposes and a credit is given for the portion of the purchase price remaining unpaid at the time of repossession | NA            |
| A10                        | A refund is given for sales tax paid on repairs or parts for agricultural machinery and equipment   | NA            |
| A10                        | Refund for sales taxes paid on an air or water pollution control facility   | 20,700        |
| A10                        | Employment Expansion and Investment Incentive Act   | (See section) |
| A10                        | Employment and Investment Growth Act  | (See section) |
| <b>Deductions</b>          |   |               |
| A10                        | Collection fee taken by retailers   | 12,644,450    |
| A11                        | The state deducts from the local sales tax proceeds the amount of refunds and a three percent administrative fee  | 4,700,000     |
| A12                        | Sales and Use Tax Selected Services   | 453,080,740   |

**SECTION B-Property Tax**

| <b>Exemptions</b> |  |    |
|-------------------|--|----|
| B2                | Property of the Conservation Corporation | NA |
| B2                | Municipal airports and landing fields    | NA |
| B2                | City airport authorities                 | NA |
| B2                | County airport authorities               | NA |
| B2                | Joint airport authorities                | NA |

**Actual or Estimated  
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| <b>Page</b> | <b>Exemptions</b>  |                        |
|-------------|--|------------------------|
| B2          | Cemetery associations  | NA                     |
| B2          | Burial lots sold by a cemetery association   | NA                     |
| B2          | Metropolitan cities  | NA                     |
| B2          | Municipal parking authorities  | NA                     |
| B2          | Metropolitan transit authorities   | NA                     |
| B2          | Primary class cities   | NA                     |
| B2          | Redevelopment authorities  | NA                     |
| B3          | Corporations organized for holding property in trust   | NA                     |
| B3          | Industrial development public corporations   | NA                     |
| B3          | Hospital authorities   | NA                     |
| B3          | Ditches or other works used for irrigation purposes  | NA                     |
| B3          | Public museums   | NA                     |
| B3          | The Nebraska Investment Finance Authority  | NA                     |
| B3          | The Small Business Development Authority   | NA                     |
| B3          | The state and its governmental subdivisions  | NA                     |
| B3          | Agricultural and horticultural societies   | NA                     |
| B3          | Educational, religious, charitable, or cemetery organizations  | NA                     |
| B3          | Household goods and personal effects   | NA                     |
| B3          | Value of land due to trees planted along the highway   | NA                     |
| B3          | Property not depreciable   | NA                     |
| B3          | Vehicles paying a registration fee in-lieu-of ad valorem taxes   | NA                     |
| B4          | Business and agricultural inventory  | NA                     |
| B4          | Qualifying personal property exempt from property tax under the<br>"Employment and Investment Growth Act" (LB775)                          | (See separate section) |
| B4          | Mobile home and vehicle owned by a disabled or blind veteran   | NA                     |
| B4          | Space provided for supportive medical services   | NA                     |
| B4          | Married claimants 65 years of age or over with household income<br>of less than \$24,901   | NA                     |
| B5          | Single claimant 65 years of age or over with household income of<br>less than \$21,101   | NA                     |
| B5          | Married veteran totally disabled by non-service connected accident or<br>illness with household income of less than \$26,901               | NA                     |
| B5          | Single veteran totally disabled by a non-service connected accident or<br>illness with household income of less than \$23,201              | NA                     |
| B6          | Married disabled individual with household income of less than \$26,901  | NA                     |
| B6          | Single disabled individual with household income of less than \$23,201   | NA                     |
| B6          | Married veteran drawing compensation from DVA for 100 percent service-<br>connected disability with household income of less than \$26,901 | NA                     |
| B7          | Single veteran drawing compensation from DVA for 100 percent service-<br>connected disability with household income of less than \$23,201  | NA                     |
| B7          | Property held by the Nebraska Game and Parts Commission  | NA                     |

**Actual or Estimated  
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| <b>Page</b> | <b>Preferential Tax Rates and Valuation</b>   |                 |
|-------------|---|-----------------|
| B8          | When Game and Parks Commission acquires private lands, they shall make payments in-lieu-of taxes as were made for the year prior to such acquisition to the county treasurer of the county in which the land is located | NA              |
| B8          | Land valued for agricultural use  | NA              |
| B8          | Public corporations and political subdivisions paying an in-lieu-of-taxes payment   | NA              |
| B9          | 1997 Homestead Exemption Reimbursement  | \$35,095,569.89 |

**SECTION C-Individual, Fiduciary,  
Corporation Income Tax, and Financial  
Institution Taxes**

| <b>Exemptions</b> |   |             |
|-------------------|---|-------------|
| C3                | Nebraska's income tax system Federal tax credits not recognized unless specifically approved. Any federal taxable income that is exempt from state taxation pursuant to federal law is not taxed by Nebraska. | NA          |
| C3                | A taxpayer with less than \$5,000 in adjustments increasing federal AGI shall not have a state tax liability greater than their federal income tax liability  | 2,160,000   |
| C3                | Gain from the sale or exchange of capital stock of a corporation acquired by the individual   | 8,649,000   |
| C3                | Interest or dividends on obligations of the United States and dividends from a regulated investment company   | 5,794,000   |
| C4                | Net operating loss derived from Nebraska sources  | 2,003,000   |
| C4                | State income tax refunds included in federal AGI  | 1,896,000   |
| C4                | Dividends received from corporations not subject to the Internal Revenue Code   | NA          |
| C4                | Corporate taxpayers subtract a portion of the income subject to tax by a foreign country  | 2,997,000   |
| C4                | Income shall exclude any amount repaid by the taxpayer for which a reduction in federal tax is allowed under section 1341(a)(5)   | NA          |
| C4                | Individual standard deduction   | 120,662,000 |
| C5                | The greater of either the standard deduction or all federal itemized deductions except for state or local income taxes paid   | 57,800,000  |
| C5                | Carryforward or carryback of net operating loss   | 11,267,000  |
| C5                | Certain awards to individuals and businesses under (LB254 (Relocation Assistance Act)   | NA          |
| <b>Exclusion</b>  |   |             |
| C5                | Exclude the portion of the income received from a small business corporation that is not derived from or connected with Nebraska sources  | 15,200,000  |

**Actual or Estimated  
Tax Expenditure Cost  
NA = Not Available**

| <b>Page</b> | <b>Credits</b>  |               |
|-------------|---|---------------|
| C5          | Credit for the elderly and disabled   | \$69,000      |
| C5          | Credit for child/dependent care   | 5,608,000     |
| C6          | Credit for contributions to certified community betterment programs   | 98,000        |
| C6          | Credit for income tax imposed on them by another state  | 17,400,000    |
| C6          | Nonrefundable credit  | 85,100,000    |
| C6          | Dual resident taxpayers allowed to reduce the tax on portion of<br>income subject to tax in both jurisdictions  | Minimal       |
| C6          | Credit for the amount of in-leu-of intangible tax paid  | 14,997,000    |
| C6          | Gasoline for agriculture, quarrying, industrial, or other nonhighway<br>use credit                              |               |
|             | Net credit allowed  | 8,266,607     |
|             | Agricultural Alcohol Fuel Tax Fund  | 447,618       |
|             | Administrative fee  | 0.00          |
|             | Total credit  | 8,714,225     |
| C7          | Employment Expansion and Investment Incentive Act   | (See section) |
| C7          | Employment and Investment Growth Act  | (See section) |
| C7          | LB829 (Quality Jobs Act)  | (See section) |
| C7          | Each producer of Nebraska-produced ethyl tertiary butyl ether shall<br>receive a nonrefundable credit           | NA            |
|             | <b>Preferential Tax Rates</b>   |               |
| C8          | The corporation income tax rate on the first \$50,000 of taxable<br>income is 150.8 percent of the primary rate | 6,216,000     |
| C8          | Insurance companies   |               |
| C8          | The individual and fiduciary income tax rates are calculated as a<br>percent of the primary rate                | NA            |

**Financial Institution Taxes**

**Exemption**

|    |   |         |
|----|---|---------|
| C8 | Federal credit unions and mutual fund companies | 330,750 |
|----|---|---------|

**Credit**

|    |   |        |
|----|---|--------|
| C8 | Credit for contributions to community betterment programs | 35,700 |
|----|---|--------|

**SECTION D-Railroads, Public Service Entities, Carlines, and  
Air Carrier Flight Equipment Property Tax**

**Exemptions**

|    |   |         |
|----|---|---------|
| D3 | Governmental Subdivision and Not-For-Profit Organizations | NA      |
| D3 | Railroad Personal Property                                | 0       |
| D3 | Public Service Company Personal Property                  | 445,499 |
| D3 | Air Carriers Flight Equipment                             | 152,646 |

**Actual or Estimated  
Tax Expenditure Cost  
NA = Not Available**

| <b>Page</b> | <b>Deductions</b>             |           |
|-------------|-------------------------------|-----------|
| D3          | Collection fee (Carlines)     | \$111,853 |
| D3          | Collection fee (Air Carriers) | 36,760    |

**SECTION E-Alcoholic Beverages  
Tax and Fees**

**Exemptions**

|    |  |         |
|----|--|---------|
| E2 | The possession of alcoholic liquors for personal use   | NA      |
| E2 | The making of alcoholic beverages if used solely for the use of the maker  | NA      |
| E2 | The use by a physician or dentist in the practice of their profession  | Minimal |
| E2 | The use by a hospital or other institution caring for the sick and diseased persons for treatment of patients  | NA      |
| E2 | The use by a drugstore in the compounding of prescriptions of licensed physicians  | NA      |
| E2 | The dispensation of wine by any church for the purpose of religious ceremony   | NA      |
| E2 | Liquors shipped out-of-state for consumption outside Nebraska  | NA      |
| E2 | Dry or fortified wines used for sacramental purposes   | NA      |
| E2 | Beer sold to a manufacturer for use in the manufacture of patent and proprietary medicines; flavoring extracts; scientific, industrial, and chemical products; for scientific, chemical, experimental or mechanical purposes | 802     |
| E3 | The tax is not imposed where prohibited under the United States Constitution and federal law   | NA      |
| E3 | No tax is imposed upon the United States Armed Forces engaged in resale activity   | NA      |

**Deduction**

|    |   |         |
|----|---|---------|
| E3 | The manufacturer or distributor is allowed a discount of one percent of the tax for timely payment of the tax | 162,664 |
|----|---|---------|

**Credits**

|    |  |        |
|----|--|--------|
| E3 | A credit is allowed for tax paid for: (1) beer shipped out of Nebraska, and (2) beer returned to the manufacturer                    | 13,731 |
| E3 | A credit is allowed for the amount of tax paid by any instrumentality of the United States Armed Forces engaged in resale activities | 44,931 |

**Preferential Tax Rates**

|    |   |  |
|----|---|--|
| E3 | Different rates of tax:   |  |
|    | Beer - \$0.23 per gallon  | \$0.01 increase would generate<br>\$402,758 additional revenue |
| E3 | Light Wines - \$0.75 per gallon<br>(14 percent or under of alcohol content) | \$0.05 increase would generate<br>\$90,821 additional revenue  |

**Actual or Estimated  
Tax Expenditure Cost  
NA = Not Available**

| <b>Page</b> | <b>Preferential Tax Rates</b>   |  |
|-------------|---|--|
| E4          | Fortified Wines - \$1.35 per gallon (more than 14 percent of alcohol content) | \$0.05 increase would generate \$3,676 additional revenue  |
| E4          | Alcohol and Spirits - \$3.00 per gallon                                       | \$0.05 increase would generate \$92,354 additional revenue |
| E4          | Wine from farm wineries - \$0.05 per gallon                                   | \$0.05 increase would generate \$161 additional revenue    |

**SECTION F-Bingo, Lottery, Raffle  
and Lottery by Pickle Card Tax**

**Exemptions**

|    |  |         |
|----|--|---------|
| F4 | Bingo taxes do not apply to any bingo game played for which no charge is made and when any prize awarded does not exceed twenty-five dollars in value  | Minimal |
| F4 | The state and local bingo tax does not apply on sales of supplies by a licensed distributor to a licensed organization or on the sale of such supplies by some other retail business to the general public | Minimal |
| F4 | Lottery conducted by a nonprofit organization with gross proceeds not exceeding \$1,000 or any raffle conducted by a nonprofit organization with gross proceeds not exceeding \$5,000                      | NA      |
| F4 | Federal law prohibits state regulation and taxation on bingo activities conducted by Indian Tribes on Indian land within Nebraska  | NA      |

**SECTION G-Cigarette Tax**

**Exemptions**

|    |   |             |
|----|---|-------------|
| G2 | The portion of the wholesale dealer's stock which is not intended to be sold or given away            | NA          |
| G2 | Federal law prohibits state taxation of cigarettes sold to the U.S. government or one of its agencies | \$1,521,450 |

**Deduction**

|    |   |           |
|----|---|-----------|
| G2 | Discount of three and four-tenths percent of face value of the tax is given as a commission for affixing and canceling of such stamps | 1,231,600 |
|----|---|-----------|

**Credits**

|    |   |         |
|----|---|---------|
| G2 | Unused or spoiled stamps are redeemed by the State Tax Commissioner                                 | 594,100 |
| G2 | Federal statutes and treaties prohibit state taxation of cigarettes sold to Native American Indians | 142,800 |

**Actual or Estimated  
Tax Expenditure Cost  
NA = Not Available**

**Page**

**SECTION H-Corporation Occupation Tax**

**Exemptions**

|    |  |    |
|----|--|----|
| H3 | The listed activities of a foreign corporation are not considered to be transacting business in Nebraska and therefore exempt the corporation from imposition of the corporate occupation fee            | NA |
| H4 | All entities paying fees and making reports to the Auditor of Public Accounts or the Director of Banking and Finance, and all other corporations paying an annual occupation tax to the state are exempt | NA |

**SECTION I-Documentary Stamp Tax**

**Exemptions**

|    |  |             |
|----|--|-------------|
| I2 | Deeds recorded prior to November 18, 1965  | NA          |
| I2 | Deeds to property transferred by or to the government  | NA          |
| I2 | Deeds which secure or release a debt or other obligation   | NA          |
| I2 | Deeds which supplement a deed previously recorded but which do not extend or limit existing title or interest  | NA          |
| I2 | Deeds between family members without actual consideration  | NA          |
| I2 | Tax deeds  | NA          |
| I2 | Deeds of partition   | NA          |
| I2 | Deeds made pursuant to mergers, consolidations, sales, or transfers of the assets of corporations  | NA          |
| I3 | 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          |
| I3 | Cemetery deeds   | NA          |
| I3 | Mineral deeds  | NA          |
| I3 | Deeds executed pursuant to court decrees   | NA          |
| I3 | Land contracts   | NA          |
| I3 | Deeds which release a contingent interest  | NA          |
| I3 | Deeds of distribution conveying to devisees or heirs property passing by testate or intestate succession   | NA          |
| I3 | Deeds transferring property in a Native American Indian reservation  | NA          |
| I3 | Deeds transferring property into a trust   | NA          |
| I3 | Deeds transferring property from a trustee to a beneficiary of a trust   | NA          |
| I3 | Deeds which convey property to any partner in the partnership  | NA          |
| I4 | Leases   | NA          |
| I4 | Easements  | NA          |
| I4 | Total for all exemptions   | \$2,050,000 |

**Actual or Estimated  
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Page

**SECTION J-Transfer Taxes**

|                          |   |              |
|--------------------------|---|--------------|
| <b>Deduction</b>         |   |              |
| J2                       | A deduction is allowed for the total amount of all estate, inheritance, legacy, or succession taxes paid. A deduction is allowed for the lesser of taxes paid to any state, D.C., possession of the U.S., or another formula. | \$21,100,000 |
| <b>Credit and Refund</b> |   |              |
| J2                       | A refund is allowed for any overpayment of estate tax   | 372,400      |

**SECTION K-Inheritance Tax**

|                   |   |           |
|-------------------|---|-----------|
| <b>Exemptions</b> |   |           |
| K2                | The homestead allowance is exempt   | 39,900    |
| K2                | Exempt property is not subject to the tax   | 122,800   |
| K2                | The family maintenance allowance is exempt  | 22,100    |
| K2                | The first \$10,000 of the clear market value of property transferred to an immediate relative of the decedent is exempt                                     | 1,208,000 |
| K2                | Interests passing to the surviving spouse are not subject to tax  | 2,264,000 |
| K2                | The first \$2,000 of the clear market value of property transferred to remote relatives of the decedent is exempt   | 711,000   |
| K3                | The first \$500 of the clear market value of the beneficial interest in the estate received by someone other than an immediate or remote relative is exempt | 204,000   |
| K3                | Payments received by an estate under an employee benefit plan are exempt  | NA        |
| K3                | Property transferred to either (1) the United States or (2) Nebraska or any of its governmental subdivisions is exempt                                      | NA        |
| K3                | All bequests to organizations organized for religious, charitable, public, scientific, or educational purposes is exempt                                    | 8,682,000 |
| <b>Deductions</b> |   |           |
| K3                | The following deductions from the value of the property subject to the tax are allowed:   |           |
|                   | 1. The cost of the funeral  | 1,023,000 |
|                   | 2. All expenses of administration:  |           |
|                   | Attorney fees   | 1,050,000 |
|                   | Personal Representative's fees  | 393,000   |
|                   | Court costs and recording fees  | 34,500    |
|                   | Publication costs   | 9,700     |
|                   | Bond  | 11,900    |
|                   | Other administration expenses   | 498,000   |
|                   | Expenses concerning property not subject to probate   | 47,400    |

**Actual or Estimated**

|             |  | <b>Tax Expenditure Cost</b> |
|-------------|--|-----------------------------|
|             |  | <b>NA = Not Available</b>   |
| <b>Page</b> | <b>Deductions</b>  |                             |
| K4          | 3. All expenses of the last illness  | \$256,000                   |
|             | 4. All other debts upon which the decedent was liable  | 675,000                     |
|             | 5. Any federal estate tax paid   | 4,603,000                   |
|             | <b>Credit</b>  |                             |
| K4          | In the instance where a decedent has received property received property from another person who died within five years prior to the death of the decedent upon which Nebraska inheritance tax was paid because of the death of the prior decedent, such tax so paid is allowed as a credit against the amount of inheritance tax assessed against the recipients of property from the estate of the decedent. | 67,300                      |

|             |  |    |
|-------------|--|----|
| <b>Page</b> | <b>Preferential Tax Rates</b>  |    |
| K4          | Property transferred to immediate relatives, remote relatives, and others: | NA |

|                     |                       | <b>Tax Rate</b> |
|---------------------|-----------------------|-----------------|
| Immediate Relatives | \$10,000.01 & over    | 1%              |
| Remote Relatives    | \$ 2,000.01-60,000.00 | 6%              |
|                     | \$60,000.01 & over    | 9%              |
| Other Transfers     | \$500.01-5,000.00     | 6%              |
|                     | \$5,000.01-10,000.00  | 9%              |
|                     | \$10,000.01-20,000.00 | 12%             |
|                     | \$20,000.01-50,000.00 | 15%             |
|                     | \$50,000.01 & over    | 18%             |

#### **SECTION L-Insurance Premium Tax**

|    |  | <b>Exemptions</b> |           |
|----|--|-------------------|-----------|
| L3 | Premiums on all annuity  | Domestic:         | 830,201   |
|    |  | Foreign:          | 6,591,102 |
| L3 | Premiums for pension plan contracts which are described in section 818(a) of the Internal Revenue Code of 1954, as amended             | Domestic:         | 1,229     |
|    |  | Foreign:          | 670,015   |
| L3 | Fraternal beneficiary associations   |                   |           |
|    | On gross premium written:  | Domestic          | 17,412    |
|    |  | Foreign:          | 1,010,093 |
|    | If dividend deduction were allowed:  | Domestic:         | 11,511    |
|    |  | Foreign:          | 973,885   |
|    | <b>Deductions</b>  |                   |           |
| L3 | Contributions to the Nebraska Property and Liability Insurance Guaranty Association and Life and Health Insurance Guaranty Association | Domestic:         | 1,070,120 |
|    |  | Foreign:          | 4,803,183 |

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| <b>Deductions</b> |   |           |           |
|-------------------|---|-----------|-----------|
| L3                | Companies whose scheme of operation contemplates the return of a portion of premiums to policyholders | Domestic: | \$55,568  |
|                   |   | Foreign:  | 501,411   |
| L3                | Credit for contributions to Community Development Assistance Act                                      | Domestic: | 400       |
|                   |   | Foreign:  | 4,090     |
| L3                | Contributions to the Comprehensive Health Insurance Pool  | Domestic: | 7,717,679 |
|                   |   | Foreign:  | 4,139,885 |

**SECTION M-Local Occupation and License Tax**

| <b>Exemption</b> |  |  |    |
|------------------|--|--|----|
| M2               | All lectures, entertainments, and concerts |  | NA |

**SECTION N-Lodging Tax, Nebraska and County**

| <b>Exemptions</b> |   | <b>State</b> | <b>Counties</b> |
|-------------------|---|--------------|-----------------|
| N2                | Some entities which are exempt from the sales/use tax and state/local government exemptions | 211,680      | 557,630         |
| N2                | Federal government  | NA           | NA              |
| <b>Deduction</b>  |   |              |                 |
| N2                | Administrative fee  | 0            | 170,337         |

**SECTION O-Motor Vehicle Fuels, Aircraft Fuels,  
Diesel Fuel and Compressed Fuels Tax**

| <b>Exemptions</b> |   |  |           |
|-------------------|---|--|-----------|
| O4                | Motor vehicle fuels and diesel-compressed fuels used by a metropolitan transit authority                                |  | 290,500   |
| O4                | Foreign or interstate commerce (motor vehicle fuels tax)  |  | NA        |
| O4                | Sold one-time only to another licensed diesel fuels distributor for resale purposes                                     |  | NA        |
| O4                | Diesel fuel dyed at the terminal rack and sold for non-highway use  |  | NA        |
| O4                | Diesel fuel purchases-U.S. government or agencies   |  | 302,744   |
| O4                | Undyed diesel fuels used in the operation of temperature control units or power take-off units under certain conditions |  | NA        |
| <b>Deductions</b> |   |  |           |
| O4                | Motor vehicle fuel importing dealer commission  |  | 5,291,066 |
| O5                | Aircraft fuels importing dealer commission  |  | 54,625    |
| O5                | Diesel fuel dealer commission   |  | 387,864   |
| O5                | Compressed fuel retailer collection fee   |  | 7,646     |

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**Credits and Refunds**

|    |   |                                |
|----|---|--------------------------------|
| O5 | Undyed diesel fuel used for various nonhighway uses   | \$64,900,000                   |
| O5 | Compressed fuels and motor vehicle fuels sold on a Nebraska Native American Indian reservation to a Native American Indian residing there | Minimal                        |
| O5 | Refund of motor vehicle fuels tax on fuel:  |                                |
|    | Destroyed   | Minimal                        |
|    | Used by the U.S. Government or agencies   | 533,998                        |
|    | Sold outside Nebraska   | 27,260,000                     |
|    | Tax paid in error   | Minimal                        |
| O5 | Refund of aircraft fuel tax on fuel:  |                                |
|    | Destroyed   | None                           |
|    | Used by the U.S. government or agencies   | 875                            |
|    | Sold outside Nebraska   | 617,000                        |
|    | Tax paid in error   | None                           |
| O6 | Refund of diesel fuels taxes on fuel:   |                                |
|    | Destroyed   | Minimal                        |
|    | Overpayment of taxes  | Minimal                        |
| O6 | Sold in a state outside Nebraska  | 10,771,516                     |
| O6 | Tax paid on aviation fuels used in an FAA approved air school   | 1,850                          |
| O6 | Ethanol producer credit   | 20,000,000                     |
| O6 | Each producer of Nebraska-produced ethyl tertiary butyl ether shall receive a nonrefundable credit  | NA<br>(See income tax section) |
| O7 | A holder of a permit to buy nonhighway use gasoline who purchases for certain purposes is entitled to a refundable credit                 | NA<br>(See income tax section) |
|    | <b>Preferential Tax Rates</b>   |                                |
| O7 | Aviation gasoline (five cents per gallon) versus aviation jet fuel (three cents per gallon)   | 1,013,336                      |

**SECTION P-Motor Vehicle Registration/  
Licensing Fees**

**Exemptions**

|    |  |                     |
|----|--|---------------------|
| P2 | Exempt by definition from motor vehicle registration fees      | NA                  |
| P2 | Nonresident owner  | NA                  |
| P2 | Licensed dealer in motor vehicles or dealer in trailers        | NA                  |
| P3 | Licensed manufacturer  | (Included in above) |
| P3 | Finance companies  | NA                  |
| P3 | Transporter  | NA                  |
| P3 | Nonresidents in temporary ag. employment (temporary operation) | NA                  |

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| <b>Exemptions</b>             |  |            |
|-------------------------------|--|------------|
| P3                            | No registration fee is required for city/village motor vehicles  | \$549,396  |
| P3                            | Motor vehicle tax  |            |
| P4                            | Exempts motor vehicle tax for nonresident military personnel   | NA         |
| <b>Deductions</b>             |  |            |
| P4                            | County treasurers' collection fee for nonresident registration fees  | 1,450      |
| P4                            | County treasurers' collection fee for snowmobile registration fees   | 330        |
| <b>Credits</b>                |  |            |
| P4                            | Nonresident refund of license fee  | NA         |
| P4                            | Registration fee credit for disabled and removed motor vehicle from a fleet of registered motor vehicles           | NA         |
| P5                            | Motor vehicle tax credit when re-registering under prorate provisions  | NA         |
| P5                            | Option to register several motor vehicles on the same date and credit for registration paid                        | NA         |
| P5                            | Sold or lost motor vehicle and refund of fees  | NA         |
| P5                            | Disabled motor vehicles and refund of fees   | NA         |
| <b>Preferential Tax Rates</b> |  |            |
| P6                            | Owners engaged in operating a fleet of apportionable vehicles  | NA         |
| P6                            | Special commercial registration fee for local vehicles solely operating within a ten-mile radius of a city/village | 379,079    |
| P6                            | Farm truck special registration fee  | 24,915,251 |
| P6                            | Special fees for special purpose commercial trucks hauling livestock   | NA         |
| P6                            | Trucks used in soil and water conservation work (special registration fees)  | 93,419     |
| P7                            | 30-day farm permits  | Minimal    |
| P7                            | Special fees for trailers  | NA         |
| P7                            | Special fees for recreational vehicles   | NA         |
| P7                            | Well-boring apparatus special registration fee   | 307,035    |

**SECTION Q-Oil and Gas Severance Tax**

| <b>Exclusion</b>             |   |         |
|------------------------------|---|---------|
| Q2                           | Severing, repressuring, or recycling use                        | NA      |
| <b>Exemption</b>             |   |         |
| Q2                           | Interests of government units and Native American Indian tribes | None    |
| <b>Preferential Tax Rate</b> |   |         |
| Q2                           | Special rate for stripper wells                                 | 312,600 |

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**SECTION R-Pari-Mutuel Wagering Tax**

|                              |  |  |
|------------------------------|--|--|
| <b>Exemption</b>             |  |  |
| R2                           | First \$10,000,000 wagered at every racetrack (except State Fairgrounds) | \$746,720<br>or 996,720<br>(See section) |
| <b>Preferential Tax Rate</b> |  |  |
| R2                           | Racing at the State Fairgrounds is excluded from tax                     | 410,860 or<br>160,860<br>(See section)   |
| <b>Credits</b>               |  |  |
| R2                           | Two percent of first taxable \$70,000,000 except State Fairgrounds races | 4,728,960                                |

**SECTION S-Fertilizer Fee**

|                   |  |        |
|-------------------|--|--------|
| <b>Exemptions</b> |  |        |
| S2                | All purchases subject to sales and use tax   | NA     |
| S2                | Household and garden fertilizers in pre-packaged quantities of ten pounds or less        | NA     |
| S2                | Sales to out-of-state purchasers   | NA     |
| S2                | Sales to the U.S. government   | NA     |
| S2                | Gross tonnage of fertilizer will not include water or other filler added by the retailer | NA     |
| S2                | Sales for resale   | NA     |
| <b>Deduction</b>  |  |        |
| S2                | Collection fee   | 72,340 |

**SECTION T-Public Power and Irrigation  
Districts' Gross Revenue Tax**

|                   |   |         |
|-------------------|---|---------|
| <b>Deductions</b> |   |         |
| T2                | Public power districts deduction from gross revenue tax (1957 in lieu of taxes) | 984,428 |
| T2                | Public power districts deduction from gross revenue tax (city occupation tax)   | 325,859 |

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**SECTION U-Waste Reduction and Recycling Fees**

| <b>Exemptions</b> |  |                        |
|-------------------|--|------------------------|
| U2                | Exclusions from the definition of a qualified tire | \$1,091,942            |
| U2                | Resale of qualified tire                           | 696,268                |
| U2                | Tires sold and delivered to another state          | 391,653                |
| U2                | Tires sold to the federal government and agencies  | 4,021                  |
| U2                | Tires sold to Native American Indians              | (Included<br>in above) |
| <b>Deduction</b>  |  |                        |
| U2                | Collection fee                                     | 78,500                 |

**SECTION V-Nebraska Petroleum Release  
Remedial Action Fee**

| <b>Exemptions</b> |   |         |
|-------------------|---|---------|
| V2                | Denatured agricultural ethyl alcohol not blended with motor vehicle fuels or blended with gasoline at a pipeline terminal in Nebraska | NA      |
| V2                | Petroleum packaged in special individual containers   | NA      |
| <b>Credits</b>    |   |         |
| V2                | Any fee paid on petroleum which was taxed and then exported   | 242,200 |
| V2                | Any fee paid on petroleum which was taxed and then sold to a federal agency   | 6,310   |
| <b>Deduction</b>  |   |         |
| V2                | Collection fee  | 28,000  |

**SECTION W-Employment and Investment Growth Act  
(LB 775, as amended by LB 1234)  
Employment Expansion and Investment Incentive Act  
LB 1124, as amended by LB 270 and LB 335)**

| <b>Exemptions</b> |                               |   |
|-------------------|-------------------------------|---|
| W1-2              | Basic provisions and tax base | (See separate publication<br>for estimates of exemptions) |