

State of Nebraska

**2006 Tax
Expenditure
Report**

Prepared by
Nebraska Department of Revenue
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Lincoln, Nebraska



October 15, 2006

TAX EXPENDITURE REPORT

for

Sales and Use Tax, Nebraska and Local Option
Property Assessment and Taxation and Homestead Exemptions
Individual, Fiduciary, and Corporation Income Tax, and Financial Institution Tax
Railroads, Public Service Entities, Car Lines, and Air Carrier Flight Equipment Property Tax
Alcoholic Beverages Tax and Fees
Bingo, Lottery, Raffle, and Lottery by Pickle Card Tax
Cigarette Tax
Corporation Occupation Tax
Documentary Stamp Tax
Estate Tax and Generation-Skipping Transfer Tax
Inheritance Tax
Insurance Premium Tax
Local Occupation and License Tax
Lodging Tax, Nebraska and County
Motor Vehicle Fuels, Aircraft Fuels, Diesel Fuel, and Compressed Fuel Tax
Motor Vehicle Registration and Licensing Fees
Oil and Gas Severance Tax
Pari-Mutuel Wagering Tax
Public Power and Irrigation Districts' Gross Revenue Tax
Waste Reduction and Recycling Fees
Petroleum Release Remedial Action Fee
Employment and Investment Growth Act, Employment Expansion and Investment
Incentive Act (Including the Enterprise Zone Act), Quality Jobs Act, Rural Economic
Opportunities Act, Invest Nebraska Act, and the Nebraska Advantage Act

October 15, 2006

Prepared by
Nebraska Department of Revenue
Research Services,

with the assistance of
Special Services, Motor Fuels,
Legal Services, the Charitable Gaming Division,

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

INTRODUCTION

Under the provisions of the Tax Expenditure Reporting Act found in sections 77-379 through 77-385, R.R.S. 1996, the Nebraska Department of Revenue has prepared the Tax Expenditure Report and Summary for 2006. This report and summary constitute the review of tax expenditures required in every even-numbered year. It is the intent of the Legislature to provide a mechanism through this material to better determine those sectors of the economy which are receiving indirect subsidies as a result of tax expenditures.

A tax expenditure is defined by statute 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. The tax expenditures included here are those in effect on July 1, 2006. The report and summary include all tax programs which generate state or local revenue annually in excess of \$2 million.

During the next legislative session, the Governor's office, the State Tax Commissioner, and the Legislature may be recommending elimination or change in some of the tax expenditures noted. Recommendations regarding the tax expenditures need not be limited to those appearing in this document.

We wish to acknowledge the cooperation and the contribution of the following state agencies: Department of Insurance, Department of Motor Vehicles, Liquor Control Commission, the Secretary of State, and the Department of Property Assessment and Taxation.

This report is submitted to the Governor, the Executive Board of the Legislative Council, the chairpersons of the Legislature's Revenue and Appropriations Committees, and to all members of the Legislature. It is also one of the Department's publications available on the Internet at www.revenue.ne.gov.

If, after reviewing this report, you have any questions concerning its content or any related area, please feel free to contact Research Services, Nebraska Department of Revenue at (402) 471-5699.

Mary Jane Egr Edson
State Tax Commissioner

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TAX EXPENDITURE REPORT

TABLE OF CONTENTS

SECTION A – Sales and Use Tax, Nebraska and Local Option

Basic Provisions and Tax Base	A 1
Exemptions, Credits and Refunds, Deductions	A 1-9
Recommendations	A 9

SECTION B – Property Assessment and Taxation and Homestead Exemptions

Basic Provisions and Tax Base	B 1-2
Exemptions, Preferential Tax Rates.....	B 2-7
2005-2006 Homestead Exemption Reimbursement	B 8
Recommendations	B 9

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

Basic Provisions and Tax Base	C 1-2
Exemption, Deductions, Exclusion, Credits, Preferential Tax Rates.....	C 2-7
Financial Institution Exemption and Credit	C 7
Recommendations	C 7

MISCELLANEOUS TAXES:

SECTION D – Railroads, Public Service Entities, Car Lines, and Air Carrier Flight Equipment

Property Tax

Basic Provisions and Tax Base	D 1-2
Exemptions, Deductions	D 2
Recommendations	D 2

SECTION E – Alcohol Beverages Tax and Fees

Basic Provisions and Tax Base	E 1
Exemptions, Deduction, Credits, Preferential Tax Rates	E 1-2
Recommendations	E 2

SECTION F – Bingo, Lottery, Raffle, and Lottery by Pickle Card Tax

Basic Provisions and Tax Base	F 1-2
Exemptions	F 3
Recommendations	F 3

SECTION G – Cigarette Tax

Basic Provisions and Tax Base	G 1
Exemptions, Deduction, Credits.....	G 1
Recommendations.....	G 1

SECTION H – Corporation Occupation Tax

Basic Provisions and Tax Base	H 1-2
Exemptions	H 2-3
Recommendations	H 3

SECTION I – Documentary Stamp Tax

Basic Provisions and Tax Base	I 1
Exemptions	I 1-2
Recommendations	I 2

SECTION J – Estate Tax and Generation-Skipping Transfer Tax	
Basic Provisions and Tax Base	J 1
Deduction, Credit and Refund.....	J 1
Recommendations	J 1
SECTION K – Inheritance Tax	
Basic Provisions and Tax Base	K 1
Exemptions, Deductions, Credit, Preferential Tax Rates	K 1-3
Recommendations	K 3
SECTION L – Insurance Premium Tax	
Basic Provisions and Tax Base	L 1-2
Exemptions, Deductions	L 2
Recommendations	L 2
SECTION M – Local Occupation and License Tax	
Basic Provisions and Tax Base	M 1
Exemption	M 1
Recommendations	M 1
SECTION N – Lodging Tax, Nebraska and County	
Basic Provisions and Tax Base	N 1
Exemptions, Deduction.....	N 1-2
Recommendations	N 2
SECTION O – Motor Vehicle Fuels, Aircraft Fuels, Diesel Fuel, and Compressed Fuel Tax	
Basic Provisions and Tax Base	O 1-2
Exemptions, Deductions, Credits and Refunds, Preferential Tax Rates.....	O 3-4
Recommendations	O 4
SECTION P – Motor Vehicle Registration and Licensing Fees	
Basic Provisions and Tax Base	P 1
Exemptions, Deductions, Credits, Preferential Tax Rates	P 2-5
Recommendations	P 5
SECTION Q – Oil and Gas Severance Tax	
Basic Provisions and Tax Base	Q 1
Exclusion, Exemption, Preferential Tax Rate.....	Q 1
Recommendations	Q 1
SECTION R – Pari-Mutuel Wagering Tax	
Basic Provisions and Tax Base	R 1
Exemption, Preferential Tax Rate, Credit.....	R 1
Recommendations	R 1
SECTION S – Public Power and Irrigation Districts’ Gross Revenue Tax	
Basic Provisions and Tax Base	S 1
Deductions	S 1
Recommendations	S 1

SECTION T – Waste Reduction and Recycling Fees

Basic Provisions and Tax Base T 1
Exemptions, Deduction..... T 1-2
Recommendations T 2

SECTION U – Petroleum Release Remedial Action Fee

Basic Provisions and Tax Base U 1
Exemptions, Credits, Deduction..... U 1
Recommendations U 1

SECTION V – Employment and Investment Growth Act, Employment Expansion and Investment Incentive Act (Including the Enterprise Zone Act), Quality Jobs Act, Rural Economic Opportunities Act, Invest Nebraska Act, and The Nebraska Advantage Act

Basic Provisions and Tax Base V 1
Recommendations V 1

SECTION W – Summary W 1-13