

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;
- 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 2014 and each fourth year thereafter, Neb. Rev. Stat. § [77-385\(2\)\(a\)\(i\)](#) requires the Department to analyze the actual or estimated revenue loss caused by the tax expenditures described in subdivisions (2)(a) through (c) of § [77-382](#). This report satisfies the requirements of that section.

¹The taxes collected are deposited into two funds: the State General Fund; and the Highway Trust Fund. Deposits to the Highway Trust Fund are made from the sales and use taxes derived from registration of motor vehicles, trailers, and semi-trailers in Nebraska. The balance of taxes collected is deposited into the State General Fund.

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: \$75,509,000

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: \$140,974,000

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: \$64,524,000

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.

Estimate: \$35,214,000

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: \$392,000

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: \$429,000
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: \$54,000
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: \$664,356,000
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: \$226,281,000
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 #22 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: \$42,101,000

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

Note: Nebraska does not currently have any reciprocal agreements in force with any state.

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: \$35,623,000

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: \$16,420,000 (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: \$69,847,000

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: \$138,023,000

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: \$2,078,000

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: \$406,000

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: \$205,000

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: \$14,000

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: \$243,234,000

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: \$118,335,000

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: \$37,690,000

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: \$7,777,000

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: \$12,874,000
Data source: Nebraska Department of Revenue, Form 61 returns

Food

- 36. 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: \$156,828,000
Data source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey
- 37. 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: \$14,555,000
Data source: U.S. Department of Agriculture, Food and Nutrition Service, Supplemental Nutrition Assistance Program
Note: State taxation is prohibited by federal law.
- 38. 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: \$8,442,000
Data source: Nebraska Department of Education, Annual Financial Report; University of Nebraska room and board rates; National Center for Education Statistics
- 39. 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: \$971,000
Data source: U.S. Census Bureau, Economic Census
- 40. 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: \$1,267,000
Data source: U.S. Census Bureau, Economic Census
Note: Educational institutions are included in #38 above.

41. 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: \$40,000

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

42. 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

43. 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: \$1,419,825,000

Data source: Nebraska Department of Revenue input-output model

44. Manufacturing Machinery

Statutory citation: [77-2704.22\(1\)](#), [77-2704.22\(2\)](#)

Enacted: Machinery installed in newly-constructed or expanded facilities was exempted in 1981. In 1985, this was amended to a sales tax refund on manufacturing machinery used to produce products not previously produced by the manufacturer. All manufacturing machinery and equipment purchased by a manufacturer was exempted from sales tax in 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: \$77,913,000

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.

45. 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: \$23,156,000

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\[3\]](#)).

- 46. 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: \$18,000
Data source: U.S. Census Bureau, Economic Census
- 47. 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: \$7,504,000
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](#).
- 48. Syndicated Programming**
Statutory citation: [77-2704.39](#)
Enacted: 1994
Description: Sales of syndicated programming for rebroadcast by a radio or television station.
Estimate: \$22,000
Data source: U.S. Census Bureau, Economic Census
- 49. 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
- 50. 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
- 51. 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
- 52. 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 or business if the seller has previously paid a sales or use tax on the property sold.
Estimate: Not available

See 11. Water for Irrigation and Manufacturing in the Agriculture section.

Lodging/Shelter

53. 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: \$45,659,000

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

54. Long-Term Lodging

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

Enacted: 1967

Description: Lodging for 30 continuous days or more.

Estimate: Not available

Miscellaneous

55. 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

56. 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

57. 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

58. 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

59. 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

Nonprofits/Governments/Exempt

60. 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: \$137,906,000

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

61. 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: \$164,597,000

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

62. 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 #60, [77-2704.15\(1\)](#) above.

63. 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 #61, [77-2704.15\(1\)](#) above.

64. Nebraska Lottery

Statutory citation: [77-2704.38](#)

Enacted: 1993

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

Estimate: \$8,871,000

Data source: Nebraska Department of Revenue, Charitable Gaming Division

65. 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: \$766,000

Data source: Nebraska High School Activities Association; Lincoln Public Schools Annual Budget; Nebraska Department of Education enrollment statistics

66. 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: \$134,000

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

67. 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: \$4,397,000

Data source: Nebraska Department of Revenue sales tax records

Note: State taxation is prohibited by federal law.

- 68. 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: \$569,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics
- 69. Purchases by the Nebraska State Fair Board**
Statutory citation: [77-2704.16](#)
Enacted: 1992
Estimate: \$69,000
Data source: Nebraska State Fair Board
- 70. Purchases by the Nebraska Investment Finance Authority**
Statutory citation: [77-2704.17](#)
Enacted: 1992
Estimate: Minimal
- 71. Purchases by the Licensees of the State Racing Commission**
Statutory citation: [77-2704.20](#)
Enacted: 1992
Estimate: Minimal
- 72. 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.
- 73. 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
- 74. 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: \$24,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics

Recent Sales Tax Exemptions

- 75. 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: \$25,000
Data source: [Cornhusker State Games website](#)

- 76. 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: \$579,000
Data source: Internal Revenue Service Exempt Organizations Business Master File via National Center for Charitable Statistics
- 77. Entry Fees for Youth Sports Events**
Statutory citation: [77-2704.63](#)
Enacted: 2012
Description: Entry fees or other amounts charged by polical 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: \$168,000
Data source: Nebraska city budgets and Consolidated Annual Financial Reports
- 78. 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: \$581,000
Data source: Nebraska Department of Revenue sales and use tax records
- 79. 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: \$3,516,000
Data source: Nebraska Department of Revenue sales and use tax records
- 80. 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: \$857,000
Data source: Nebraska Department of Health and Human Services
- 81. 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: \$1,716,000
Data source: Nebraska Department of Health and Human Services

82. 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

83. 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: \$12,000

Source: U.S. Department of Energy, Energy Information Administration

84. 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: \$486,000

Source: U.S. Census Bureau, Economic Census

85. 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: \$2,368,000

Source: U.S. Postal Service

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.

86. Motor Vehicle Cleaning and Repair

Motor vehicle cleaning: *

Total motor vehicle repair: \$14,294,000

- Body repair: \$4,811,000
- Brake repair: \$1,079,000
- Electrical system repair: \$807,000
- Repair of recreational motor vehicles: \$72,000
- Other repair services, such as muffler and exhaust systems, air conditioning and heating systems, etc.: \$2,184,000
- Power train repair: \$2,931,000
- Scheduled preventative maintenance: \$2,087,000
- Wheel and alignment services: \$323,000

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.

87. Cleaning and Repair of Clothing

Total cleaning of clothing: \$2,293,000

- Coin-operated laundry and dry cleaning: \$459,000
- Dry cleaning services: \$1,593,000
- Other laundry services: \$241,000

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.

88. 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.

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

Estimate: \$12,355,000

- Painting and wall covering contractors: \$657,000
- Poured concrete foundation and structure contractors: \$1,202,000
- Framing contractors: \$159,000
- Glass and glazing contractors: \$404,000
- Roofing contractors: \$853,000
- Siding contractors: \$311,000
- Electricians: \$930,000
- Plumbing, heating, and air conditioning contractors: \$7,045,000
- Drywall and insulation contractors: \$307,000
- Flooring contractors: \$194,000
- Carpentry contractors: \$293,000

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](#).

90. 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.

91. Personal Care Services

Estimate: \$8,415,000

- Hair care services: \$6,497,000
- Hair removal services: \$102,000
- Massage services: \$188,000
- Nail care services: \$460,000
- Other beauty and personal care services: \$157,000
- Skin care services: \$201,000
- Tanning services: \$810,000

Source: U.S. Census Bureau, Economic Census

92. Lawn Care, Gardening, and Landscaping Services

Estimate: See below

- Lawn care: Not available
- Gardening: Not available
- Landscaping: *

Source: U.S. Census Bureau, Economic Census

***Note:** [Neb. Rev. Stat. § 77-382\(1\)](#) as amended by LB 989 (2014), requires a listing for “lawn care, gardening, and landscaping services;” however, landscaping is subject to sales tax.

93. Pet-related Services

Estimate: \$10,619,000

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.

94. Storage and Moving Services

Estimate: \$6,346,000

- Used household goods moving services: \$5,459,000
- Lessors of mini-warehouses and self-storage units: \$887,000

Source: U.S. Census Bureau, Economic Census

95. Household Utilities

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 “household utilities;” however, household utilities, such as electricity, gas, cable television, and water are subject to sales tax.

96. Other Personal Services

Estimate: \$2,229,000

- Weight loss services: \$618,000
- Tattoo and body modification services: \$964,000
- Interment of human remains: \$202,000
- All other personal services, including bail bonding, shoeshine, wedding planning, and social escorts: \$446,000

Source: U.S. Census Bureau, Economic Census

97. Taxi, Limousine, and Other Transportation Services

Estimate: \$883,000

- Local, fixed-route passenger transportation by road and transit rail: \$9,000
- Local taxi service: \$275,000
- Local passenger transportation by chartered road vehicles, except limousines: \$8,000
- Local passenger transportation by limousines and similar luxury vehicles: \$585,000
- Special needs transportation service, including paratransit, senior citizen, etc.: \$5,000
- Sightseeing services by ground vehicles: \$1,000

Source: U.S. Census Bureau, Economic Census

Note: Estimates above include transportation services sold to businesses.

98. Legal Services

Estimate: \$46,640,000

Source: U.S. Census Bureau, Economic Census

Note: Estimate includes legal services purchased by businesses.

99. Accounting Services

Estimate: \$5,854,000

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.

100. Other Professional Services

Estimate: \$190,529,000

- Investment advice: \$1,907,000
- Travel agencies: \$198,000
- Tour operators: \$171,000
- Pest control: *
- Offices of physicians: \$131,354,000
- Offices of dentists: \$29,855,000
- Offices of chiropractors: \$4,870,000
- Offices of optometrists: \$2,982,000
- Offices of mental health practitioners: \$1,934,000
- Family planning: \$71,000
- Substance abuse: \$2,952,000
- Other outpatient services: \$14,235,000
- Detective and security services: *

Source: U.S. Census Bureau, Economic Census

***Note:** Healthcare estimates refer only to patient care services. Detective and security services and pest control are subject to sales tax.

101. Other Real Estate Services

Estimate: \$24,593,000

- Building Cleaning: *
- Offices of real estate agents: \$23,467,000
- Offices of real estate appraisers: \$1,126,000

Source: U.S. Census Bureau, Economic Census

***Note:** Building cleaning is subject to sales tax.

Telecommunications

102. 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: \$10,703,000

Data source: Federal Communications Commission ARMIS Report 43-01 and 43-08

103. Prepaid Calling Arrangements

Statutory citation: [77-2704.52](#)

Enacted: 1989

Description: Telephone services using a prepaid telephone calling arrangement.

Estimate: \$1,108,000

Data source: Federal Communications Commission, Wireless Competition Report

104. 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: \$864,000

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

105. 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

106. 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

107. 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

Note: No refunds of this type were issued in FY 2013-14.

108. 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

109. Agricultural Machinery Repair Parts Refund

Statutory citation: [77-2708.01](#)

Enacted: 1992

Description: A refund is given for the sales tax paid on depreciable repairs or parts for agricultural machinery and equipment used in commercial agriculture.

Estimate: \$156,000

Note: An outright sales and use tax exemption for all agricultural repair parts became effective October 1, 2014.

110. 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

111. 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: \$13,019,000

112. 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: \$10,968,000

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