

AMENDMENTS TO LB468

(Amendments to Standing Committee amendments, AM874)

Introduced by Bostar, 29.

1        1. Strike the original sections and all amendments thereto and  
2 insert the following new sections:

3        **Section 1.** Sections 1 to 4 of this act shall be known and may be  
4 cited as the County Sales and Use Tax Act.

5        **Sec. 2.** (1) Any county may, upon adoption of a resolution by the  
6 affirmative vote of at least a majority of all elected members of the  
7 county board, impose a sales and use tax of one-quarter of one percent on  
8 transactions that are subject to the state sales and use tax under the  
9 Nebraska Revenue Act of 1967, as amended from time to time, and that are  
10 sourced as provided in sections 77-2703.01 to 77-2703.04 within the  
11 county.

12        (2) The Tax Commissioner shall administer all sales and use taxes  
13 imposed pursuant to this section. The Tax Commissioner may prescribe  
14 forms and adopt and promulgate rules and regulations in conformity with  
15 the Nebraska Revenue Act of 1967, as amended, for the making of returns  
16 and for the ascertainment, assessment, and collection of taxes. The  
17 county shall furnish a certified copy of the resolution imposing the tax  
18 to the Tax Commissioner. The tax shall begin on the first day of the  
19 first calendar quarter which begins at least sixty days after receipt by  
20 the Tax Commissioner of the certified copy of the resolution, except that  
21 no tax shall begin earlier than January 1, 2027. The Tax Commissioner  
22 shall provide at least thirty days' notice of the adoption of the tax to  
23 retailers within the county. Such notice may be provided through the  
24 website of the Department of Revenue or by other electronic means.

25        (3) The Tax Commissioner shall collect any sales and use tax imposed  
26 pursuant to this section concurrently with collection of a state sales

1 and use tax in the same manner as the state tax is collected. The Tax  
2 Commissioner shall remit monthly the proceeds of the tax to the county  
3 imposing the tax, after deducting the amount of refunds made and three  
4 percent of the remainder as an administrative fee necessary to defray the  
5 cost of collecting the tax and the expenses incident thereto. The Tax  
6 Commissioner shall keep full and accurate records of all money received  
7 and distributed. All receipts from the three-percent administrative fee  
8 shall be deposited in the state General Fund.

9       **Sec. 3.** (1) Upon any claim of illegal assessment and collection of  
10 any sales and use tax imposed pursuant to the County Sales and Use Tax  
11 Act, the taxpayer has the same remedies provided for claims of illegal  
12 assessment and collection of the state sales and use tax.

13       (2) All relevant provisions of the Nebraska Revenue Act of 1967, as  
14 amended, not inconsistent with the County Sales and Use Tax Act, shall  
15 govern transactions, proceedings, and activities related to any sales and  
16 use tax imposed pursuant to the County Sales and Use Tax Act.

17       (3) For purposes of any sales and use tax imposed pursuant to the  
18 County Sales and Use Tax Act, all retail sales, rentals, and leases, as  
19 defined and described in the Nebraska Revenue Act of 1967, shall be  
20 sourced as provided in sections 77-2703.01 to 77-2703.04.

21       **Sec. 4.** A county shall not impose a sales and use tax pursuant to  
22 the County Sales and Use Tax Act if such county is imposing a tax  
23 pursuant to section 13-319.

24       **Sec. 5.** Section 13-319, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26       13-319 Any county by resolution of the governing body may impose a  
27 sales and use tax of one-half percent, one percent, or one and one-half  
28 percent upon the same transactions sourced as provided in sections  
29 77-2703.01 to 77-2703.04 within the county, but outside any incorporated  
30 municipality which has adopted a local sales tax pursuant to section  
31 77-27,142, on which the state is authorized to impose a tax pursuant to

1 the Nebraska Revenue Act of 1967, as amended from time to time. Any sales  
2 and use tax imposed pursuant to this section must be used (1) to finance  
3 public safety services provided by a public safety commission, (2) to  
4 provide the county share of funds required under any other agreement  
5 executed under the Interlocal Cooperation Act or Joint Public Agency Act,  
6 or (3) to finance public safety services provided by the county. A sales  
7 and use tax shall not be imposed pursuant to this section until an  
8 election has been held and a majority of the qualified electors have  
9 approved the tax pursuant to sections 13-322 and 13-323. A sales and use  
10 tax shall not be imposed pursuant to this section if the county is  
11 imposing a tax pursuant to section 77-6403 or section 2 of this act.

12 **Sec. 6.** Section 39-2510, Revised Statutes Cumulative Supplement,  
13 2024, is amended to read:

14 39-2510 (1) All money derived from fees, excises, or license fees  
15 relating to registration, operation, or use of vehicles on the public  
16 highways, or to fuels used for the propulsion of such vehicles, shall be  
17 expended for payment of highway obligations, cost of construction,  
18 reconstruction, maintenance, and repair of public highways and bridges  
19 and county, city, township, and village roads, streets, and bridges, and  
20 all facilities, appurtenances, and structures deemed necessary in  
21 connection with such highways, bridges, roads, and streets, or may be  
22 pledged to secure bonded indebtedness issued for such purposes, except  
23 for (a) the cost of administering laws under which such money is derived,  
24 (b) statutory refunds and adjustments provided therein, and (c) money  
25 derived from the motor vehicle operators' license fees or money received  
26 from parking meter proceeds, fines, and penalties.

27 (2)(a) The requirements of subsection (1) of this section also apply  
28 to sales and use taxes imposed on motor vehicles, trailers, and  
29 semitrailers pursuant to sections 13-319, 77-27,142, and 77-6403 and  
30 section 2 of this act, except that such provisions shall not apply in a  
31 county or municipal county that has issued bonds (i) the proceeds of

1 which were used for purposes listed in subsection (1) of this section and  
2 for which revenue other than sales and use taxes on motor vehicles,  
3 trailers, and semitrailers is pledged for payment or (ii) approved by a  
4 vote that required the use of sales and use taxes imposed on motor  
5 vehicles, trailers, and semitrailers for a specific purpose other than  
6 those listed in subsection (1) of this section, until all such bonds  
7 issued prior to January 1, 2006, have been paid or retired.

8 (b) The county or municipal county shall determine (i) the amount of  
9 revenue other than sales and use tax revenue derived from motor vehicles,  
10 trailers, or semitrailers that is to be expended for the purposes listed  
11 in subsection (1) of this section and (ii) the amount of sales and use  
12 taxes expected to be collected from sales of motor vehicles, trailers,  
13 and semitrailers for that year. The county or municipal county shall  
14 create and maintain such determination as a public record and certify the  
15 determination pursuant to sections 39-2120 and 39-2121.

16 **Sec. 7.** Section 39-2520, Revised Statutes Cumulative Supplement,  
17 2024, is amended to read:

18 39-2520 (1) All money derived from fees, excises, or license fees  
19 relating to registration, operation, or use of vehicles on the public  
20 highways, or to fuels used for the propulsion of such vehicles, shall be  
21 expended for payment of highway obligations, cost of construction,  
22 reconstruction, maintenance, and repair of public highways and bridges  
23 and county, city, township, and village roads, streets, and bridges, and  
24 all facilities, appurtenances, and structures deemed necessary in  
25 connection with such highways, bridges, roads, and streets, or may be  
26 pledged to secure bonded indebtedness issued for such purposes, except  
27 for (a) the cost of administering laws under which such money is derived,  
28 (b) statutory refunds and adjustments provided therein, and (c) money  
29 derived from the motor vehicle operators' license fees or money received  
30 from parking meter proceeds, fines, and penalties.

31 (2)(a) The requirements of subsection (1) of this section also apply

1 to sales and use taxes imposed on motor vehicles, trailers, and  
2 semitrailers pursuant to sections 13-319, 77-27,142, and 77-6403 and  
3 section 2 of this act, except that such provisions shall not apply in a  
4 municipality that has issued bonds (i) the proceeds of which were used  
5 for purposes listed in subsection (1) of this section and for which  
6 revenue other than sales and use taxes on motor vehicles, trailers, and  
7 semitrailers is pledged for payment or (ii) approved by a vote that  
8 required the use of sales and use taxes imposed on motor vehicles,  
9 trailers, and semitrailers for a specific purpose other than those listed  
10 in subsection (1) of this section, until all such bonds issued prior to  
11 January 1, 2006, have been paid or retired.

12 (b) The municipality shall determine (i) the amount of revenue other  
13 than sales and use tax revenue derived from motor vehicles, trailers, or  
14 semitrailers that is to be expended for the purposes listed in subsection  
15 (1) of this section and (ii) the amount of sales and use taxes expected  
16 to be collected from sales of motor vehicles, trailers, and semitrailers  
17 for that year. The municipality shall create and maintain such  
18 determination as a public record and certify the determination pursuant  
19 to sections 39-2120 and 39-2121.

20 **Sec. 8.** Section 77-2004, Revised Statutes Cumulative Supplement,  
21 2024, is amended to read:

22 77-2004 (1) In the case of a father, mother, grandfather,  
23 grandmother, brother, sister, son, daughter, child or children legally  
24 adopted as such in conformity with the laws of the state where adopted,  
25 any lineal descendant, any lineal descendant legally adopted as such in  
26 conformity with the laws of the state where adopted, any person to whom  
27 the deceased for not less than ten years prior to death stood in the  
28 acknowledged relation of a parent, or the spouse or surviving spouse of  
29 any such persons, the rate of tax shall be:

30 (a) For decedents dying prior to January 1, 2023, one percent of the  
31 clear market value of the property received by each person in excess of

1    forty thousand dollars; ~~and~~

2            (b) For decedents dying on or after January 1, 2023, and prior to  
3    January 1, 2027, one percent of the clear market value of the property  
4    received by each person in excess of one hundred thousand dollars; ~~and -~~

5            (c) For decedents dying on or after January 1, 2027, zero percent.

6            (2) Any interest in property, including any interest acquired in the  
7    manner set forth in section 77-2002, which may be valued at a sum less  
8    than or equal to the applicable exempt amount under subsection (1) of  
9    this section shall not be subject to tax. In addition the homestead  
10   allowance, exempt property, and family maintenance allowance shall not be  
11   subject to tax. Interests passing to the surviving spouse by will, in the  
12   manner set forth in section 77-2002, or in any other manner shall not be  
13   subject to tax. Any interest passing to a person described in subsection  
14   (1) of this section who is under twenty-two years of age shall not be  
15   subject to tax.

16           **Sec. 9.** Section 77-2005, Revised Statutes Cumulative Supplement,  
17   2024, is amended to read:

18           77-2005 (1) In the case of an uncle, aunt, niece, or nephew related  
19   to the deceased by blood or legal adoption, or other lineal descendant of  
20   the same, or the spouse or surviving spouse of any of such persons, the  
21   rate of tax shall be:

22           (a) For decedents dying prior to January 1, 2023, thirteen percent  
23   of the clear market value of the property received by each person in  
24   excess of fifteen thousand dollars; ~~and~~

25           (b) For decedents dying on or after January 1, 2023, and prior to  
26   January 1, 2027, eleven percent of the clear market value of the property  
27   received by each person in excess of forty thousand dollars; ~~and -~~

28           (c) For decedents dying on or after January 1, 2027, zero percent.

29           (2) If the clear market value of the beneficial interest is less  
30   than or equal to the applicable exempt amount under subsection (1) of  
31   this section, it shall not be subject to tax. In addition, any interest

1 passing to a person described in subsection (1) of this section who is  
2 under twenty-two years of age shall not be subject to tax.

3 **Sec. 10.** Section 77-2006, Revised Statutes Cumulative Supplement,  
4 2024, is amended to read:

5 77-2006 (1) In all other cases the rate of tax shall be:

6 (a) For decedents dying prior to January 1, 2023, eighteen percent  
7 of the clear market value of the beneficial interests received by each  
8 person in excess of ten thousand dollars; ~~and~~

9 (b) For decedents dying on or after January 1, 2023, and prior to  
10 January 1, 2027, fifteen percent of the clear market value of the  
11 beneficial interests received by each person in excess of twenty-five  
12 thousand dollars; and -

13 (c) For decedents dying on or after January 1, 2027, zero percent.

14 (2) If the clear market value of the beneficial interest is less  
15 than or equal to the applicable exempt amount under subsection (1) of  
16 this section, it shall not be subject to any tax. In addition, any  
17 interest passing to a person who is under twenty-two years of age shall  
18 not be subject to tax.

19 **Sec. 11.** Section 77-2703.01, Revised Statutes Cumulative Supplement,  
20 2024, is amended to read:

21 77-2703.01 (1) The determination of whether a sale or use of  
22 property or the provision of services is in this state, in a municipality  
23 that has adopted a tax under the Local Option Revenue Act, or in a county  
24 that has adopted a tax under section 13-319 or 77-6403 or section 2 of  
25 this act shall be governed by the sourcing rules in sections 77-2703.01  
26 to 77-2703.04.

27 (2) When the property or service is received by the purchaser at a  
28 business location of the retailer, the sale is sourced to that business  
29 location.

30 (3) When the property or service is not received by the purchaser at  
31 a business location of the retailer, the sale is sourced to the location

1 where receipt by the purchaser or the purchaser's donee, designated as  
2 such by the purchaser, occurs, including the location indicated by  
3 instructions for delivery to the purchaser or donee, known to the  
4 retailer.

5 (4) When subsection (2) or (3) of this section does not apply, the  
6 sale is sourced to the location indicated by an address or other  
7 information for the purchaser that is available from the business records  
8 of the retailer that are maintained in the ordinary course of the  
9 retailer's business when use of this address does not constitute bad  
10 faith.

11 (5) When subsection (2), (3), or (4) of this section does not apply,  
12 the sale is sourced to the location indicated by an address for the  
13 purchaser obtained during the consummation of the sale, including the  
14 address of a purchaser's payment instrument, if no other address is  
15 available, when use of this address does not constitute bad faith.

16 (6) When subsection (2), (3), (4), or (5) of this section does not  
17 apply, including the circumstance in which the retailer is without  
18 sufficient information to apply the rules in any such subsection, then  
19 the location will be determined by the address from which property was  
20 shipped, from which the digital good was first available for transmission  
21 by the retailer, or from which the service was provided disregarding for  
22 these purposes any location that merely provided the digital transfer of  
23 the product sold.

24 (7) The lease or rental of tangible personal property, other than  
25 property identified in subsection (8) or (9) of this section, shall be  
26 sourced as follows:

27 (a) For a lease or rental that requires recurring periodic payments,  
28 the first periodic payment is sourced the same as a retail sale in  
29 accordance with the provisions of subsections (2) through (6) of this  
30 section. Periodic payments made subsequent to the first payment are  
31 sourced to the primary property location for each period covered by the



1 payment. The primary property location shall be as indicated by an  
2 address for the property provided by the lessee that is available to the  
3 lessor from its records maintained in the ordinary course of business  
4 when use of this address does not constitute bad faith. The property  
5 location shall not be altered by intermittent use at different locations,  
6 such as use of business property that accompanies employees on business  
7 trips and service calls; and

8 (b) For a lease or rental that does not require recurring periodic  
9 payments, the payment is sourced the same as a retail sale in accordance  
10 with the provisions of subsections (2) through (6) of this section.

11 This subsection does not affect the imposition or computation of  
12 sales or use tax on leases or rentals based on a lump-sum or accelerated  
13 basis or on the acquisition of property for lease.

14 (8) The lease or rental of motor vehicles, trailers, semitrailers,  
15 or aircraft that do not qualify as transportation equipment under  
16 subsection (9) of this section shall be sourced as follows:

17 (a) For a lease or rental that requires recurring periodic payments,  
18 each periodic payment is sourced to the primary property location. The  
19 primary property location shall be as indicated by an address for the  
20 property provided by the lessee that is available to the lessor from its  
21 records maintained in the ordinary course of business when use of this  
22 address does not constitute bad faith. This location shall not be altered  
23 by intermittent use at different locations; and

24 (b) For a lease or rental that does not require recurring periodic  
25 payments, the payment is sourced the same as a retail sale in accordance  
26 with the provisions of subsections (2) through (6) of this section.

27 This subsection does not affect the imposition or computation of  
28 sales or use tax on leases or rentals based on a lump-sum or accelerated  
29 basis or on the acquisition of property for lease.

30 (9) The retail sale, including lease or rental, of transportation  
31 equipment shall be sourced the same as a retail sale in accordance with

1 subsections (2) through (6) of this section. Transportation equipment  
2 means any of the following:

3 (a) Locomotives and railcars that are utilized for the carriage of  
4 persons or property in interstate commerce;

5 (b) Trucks and truck-tractors with a gross vehicle weight rating of  
6 ten thousand one pounds or greater, trailers, semitrailers, or passenger  
7 buses that are (i) registered through the International Registration Plan  
8 and (ii) operated under authority of a carrier authorized and  
9 certificated by the United States Department of Transportation or another  
10 federal authority to engage in the carriage of persons or property in  
11 interstate commerce;

12 (c) Aircraft operated by air carriers authorized and certificated by  
13 the United States Department of Transportation or another federal  
14 authority or a foreign authority to engage in the carriage of persons or  
15 property in interstate or foreign commerce; and

16 (d) Containers designed for use on and component parts attached or  
17 secured on the items set forth in subdivisions (9)(a) through (c) of this  
18 section.

19 (10) For purposes of this section, receive and receipt mean taking  
20 possession of tangible personal property, making first use of services,  
21 or taking possession or making first use of digital goods, whichever  
22 comes first. The terms receive and receipt do not include possession by a  
23 shipping company on behalf of the purchaser. For purposes of sourcing  
24 detective services subject to tax under subdivision (4)(h) of section  
25 77-2701.16, making first use of a service shall be deemed to be at the  
26 individual's residence, in the case of a customer who is an individual,  
27 or at the principal place of business, in the case of a business  
28 customer.

29 (11) The sale, not including lease or rental, of a motor vehicle,  
30 semitrailer, or trailer as defined in the Motor Vehicle Registration Act  
31 shall be sourced to the place of registration of the motor vehicle,

1   semitrailer, or trailer for operation upon the highways of this state or,  
2   if no such registration has occurred, the place where such motor vehicle,  
3   semitrailer, or trailer is required to be registered, except that  
4   beginning January 1, 2021, the sale of any motor vehicle or trailer  
5   operated by a public power district and registered under section 60-3,228  
6   shall be sourced to the place where the motor vehicle or trailer has  
7   situs as defined in section 60-349.

8       (12) The sale or lease for one year or more of motorboats shall be  
9   sourced to the place of registration of the motorboat. The lease of  
10  motorboats for less than one year shall be sourced to the point of  
11  delivery.

12       **Sec. 12.** Section 77-2703.04, Revised Statutes Cumulative Supplement,  
13  2024, is amended to read:

14       77-2703.04 (1) Except for the telecommunications service defined in  
15  subsection (3) of this section, the sale of telecommunications service  
16  sold on a call-by-call basis shall be sourced to (a) each level of taxing  
17  jurisdiction where the call originates and terminates in that  
18  jurisdiction or (b) each level of taxing jurisdiction where the call  
19  either originates or terminates and in which the service address is also  
20  located.

21       (2) Except for the telecommunications service defined in subsection  
22  (3) of this section, a sale of telecommunications service sold on a basis  
23  other than a call-by-call basis and ancillary services are sourced to the  
24  customer's place of primary use.

25       (3)(a) For mobile telecommunications service and ancillary services  
26  provided and billed to a customer by a home service provider:

27       (i) Notwithstanding any other provision of law or any local  
28  ordinance or resolution, such mobile telecommunications service is deemed  
29  to be provided by the customer's home service provider;

30       (ii) All taxable charges for such mobile telecommunications service  
31  and ancillary services shall be subject to tax by the state or other

1   taxing jurisdiction in this state whose territorial limits encompass the  
2   customer's place of primary use regardless of where the mobile  
3   telecommunications service originates, terminates, or passes through; and

4       (iii) No taxes, charges, or fees may be imposed on a customer with a  
5   place of primary use outside this state.

6       (b) In accordance with the federal Mobile Telecommunications  
7   Sourcing Act, as such act existed on July 20, 2002, the Tax Commissioner  
8   may, but is not required to:

9       (i) Provide or contract for a tax assignment database based upon  
10   standards identified in 4 U.S.C. 119, as such section existed on July 20,  
11   2002, with the following conditions:

12       (A) If such database is provided, a home service provider shall be  
13   held harmless for any tax that otherwise would result from any errors or  
14   omissions attributable to reliance on such database; or

15       (B) If such database is not provided, a home service provider may  
16   rely on an enhanced zip code for identifying the proper taxing  
17   jurisdictions and shall be held harmless for any tax that otherwise would  
18   result from any errors or omissions attributable to reliance on such  
19   enhanced zip code if the home service provider identified the taxing  
20   jurisdiction through the exercise of due diligence and complied with any  
21   procedures that may be adopted by the Tax Commissioner. Any such  
22   procedure shall be in accordance with 4 U.S.C. 120, as such section  
23   existed on July 20, 2002; and

24       (ii) Adopt procedures for correcting errors in the assignment of  
25   primary use that are consistent with 4 U.S.C. 121, as such section  
26   existed on July 20, 2002.

27       (c) If charges for mobile telecommunications service that are not  
28   subject to tax are aggregated with and not separately stated on the bill  
29   from charges that are subject to tax, the total charge to the customer  
30   shall be subject to tax unless the home service provider can reasonably  
31   separate charges not subject to tax using the records of the home service

1 provider that are kept in the regular course of business.

2 (d) For purposes of this subsection:

3 (i) Customer means an individual, business, organization, or other  
4 person contracting to receive mobile telecommunications service from a  
5 home service provider. Customer does not include a reseller of mobile  
6 telecommunications service or a serving carrier under an arrangement to  
7 serve the customer outside the home service provider's service area;

8 (ii) Home service provider means a telecommunications company as  
9 defined in section 86-322 that has contracted with a customer to provide  
10 mobile telecommunications service;

11 (iii) Mobile telecommunications service means a wireless  
12 communication service carried on between mobile stations or receivers and  
13 land stations, and by mobile stations communicating among themselves, and  
14 includes (A) both one-way and two-way wireless communication services,  
15 (B) a mobile service which provides a regularly interacting group of  
16 base, mobile, portable, and associated control and relay stations,  
17 whether on an individual, cooperative, or multiple basis for private one-  
18 way or two-way land mobile radio communications by eligible users over  
19 designated areas of operation, and (C) any personal communication  
20 service;

21 (iv) Place of primary use means the street address representative of  
22 where the customer's use of mobile telecommunications service primarily  
23 occurs. The place of primary use shall be the residential street address  
24 or the primary business street address of the customer and shall be  
25 within the service area of the home service provider; and

26 (v) Tax means the sales taxes levied under sections 13-319, 77-2703,  
27 77-27,142, and 77-6403 and section 2 of this act, the surcharges levied  
28 under the Enhanced Wireless 911 Services Act, the Nebraska  
29 Telecommunications Universal Service Fund Act, and the Telecommunications  
30 Relay System Act, and any other tax levied against the customer based on  
31 the amount charged to the customer. Tax does not mean an income tax,

1 property tax, franchise tax, or any other tax levied on the home service  
2 provider that is not based on the amount charged to the customer.

3 (4) A sale of post-paid calling service is sourced to the  
4 origination point of the telecommunications signal as first identified by  
5 either (a) the seller's telecommunications system, or (b) information  
6 received by the seller from its service provider, where the system used  
7 to transport such signals is not that of the seller.

8 (5) A sale of prepaid calling service or a sale of a prepaid  
9 wireless calling service is sourced in accordance with section  
10 77-2703.01, except that in the case of a sale of a prepaid wireless  
11 calling service, the rule provided in section 77-2703.01 shall include as  
12 an option the location associated with the mobile telephone number.

13 (6) A sale of a private communication service is sourced as follows:

14 (a) Service for a separate charge related to a customer channel  
15 termination point is sourced to each level of jurisdiction in which such  
16 customer channel termination point is located;

17 (b) Service where all customer termination points are located  
18 entirely within one jurisdiction or levels of jurisdiction is sourced in  
19 such jurisdiction in which the customer channel termination points are  
20 located;

21 (c) Service for segments of a channel between two customer channel  
22 termination points located in different jurisdictions and which segments  
23 of channel are separately charged is sourced fifty percent in each level  
24 of jurisdiction in which the customer channel termination points are  
25 located; and

26 (d) Service for segments of a channel located in more than one  
27 jurisdiction or levels of jurisdiction and which segments are not  
28 separately billed is sourced in each jurisdiction based on the percentage  
29 determined by dividing the number of customer channel termination points  
30 in such jurisdiction by the total number of customer channel termination  
31 points.

1 (7) For purposes of this section:

2 (a) 800 service means a telecommunications service that allows a  
3 caller to dial a toll-free number without incurring a charge for the  
4 call. The service is typically marketed under the name 800, 855, 866,  
5 877, and 888 toll-free calling, and any subsequent numbers designated by  
6 the Federal Communications Commission;

7 (b) 900 service means an inbound toll telecommunications service  
8 purchased by a subscriber that allows the subscriber's customers to call  
9 in to the subscriber's prerecorded announcement or live service. 900  
10 service does not include the charge for collection services provided by  
11 the seller of the telecommunications services to the subscriber or  
12 service or product sold by the subscriber to the subscriber's customer.  
13 The service is typically marketed under the name 900 service, and any  
14 subsequent numbers designated by the Federal Communications Commission;

15 (c) Air-to-ground radiotelephone service means a radio  
16 telecommunication service, as that term is defined in 47 C.F.R. 22.99, as  
17 such regulation existed on January 1, 2007, in which common carriers are  
18 authorized to offer and provide radio telecommunications service for hire  
19 to subscribers in aircraft;

20 (d) Ancillary services means services that are associated with or  
21 incidental to the provision of telecommunications services, including,  
22 but not limited to, detailed telecommunications billings, directory  
23 assistance, vertical service, and voice mail services;

24 (e) Call-by-call basis means any method of charging for  
25 telecommunications service where the price is measured by individual  
26 calls;

27 (f) Coin-operated telephone service means a telecommunications  
28 service paid for by inserting money into a telephone accepting direct  
29 deposits of money to operate;

30 (g) Communications channel means a physical or virtual path of  
31 communications over which signals are transmitted between or among

1 customer channel termination points;

2 (h) Conference bridging service means an ancillary service that  
3 links two or more participants of an audio or video conference call and  
4 may include the provision of a telephone number. Conference bridging  
5 service does not include the telecommunications services used to reach  
6 the conference bridge;

7 (i) Customer means the person or entity that contracts with the  
8 seller of telecommunications service. If the end user of  
9 telecommunications service is not the contracting party, the end user of  
10 the telecommunications service is the customer of the telecommunications  
11 service, but this sentence only applies for the purpose of sourcing sales  
12 of telecommunications service under this section. Customer does not  
13 include a reseller of telecommunications service or for mobile  
14 telecommunications service of a serving carrier under an agreement to  
15 serve the customer outside the home service provider's licensed service  
16 area;

17 (j) Customer channel termination point means the location where the  
18 customer either inputs or receives the communications;

19 (k) Detailed telecommunications billing service means an ancillary  
20 service of separately stating information pertaining to individual calls  
21 on a customer's billing statement;

22 (l) Directory assistance means an ancillary service of providing  
23 telephone number information and address information;

24 (m) End user means the person who utilizes the telecommunications  
25 service. In the case of an entity, end user means the individual who  
26 utilizes the service on behalf of the entity;

27 (n) Fixed wireless service means a telecommunications service that  
28 provides radio communication between fixed points;

29 (o) International means a telecommunications service that originates  
30 or terminates in the United States and terminates or originates outside  
31 the United States, respectively. United States includes the District of



1 Columbia or a United States territory or possession;

2 (p) Interstate means a telecommunications service that originates in  
3 one state of the United States, or a territory or possession of the  
4 United States, and terminates in a different state, territory, or  
5 possession of the United States;

6 (q) Intrastate means a telecommunications service that originates in  
7 one state of the United States, or a territory or possession of the  
8 United States, and terminates in the same state, territory, or possession  
9 of the United States;

10 (r) Mobile wireless service means a telecommunications service that  
11 is transmitted, conveyed, or routed regardless of the technology used,  
12 whereby the origination and termination points of the transmission,  
13 conveyance, or routing are not fixed, including, by way of example only,  
14 telecommunications services that are provided by a commercial mobile  
15 radio service provider;

16 (s) Paging service means a telecommunications service that provides  
17 transmission of coded radio signals for the purpose of activating  
18 specific pagers. Such transmission may include messages and sounds;

19 (t) Pay telephone services means a telecommunications service  
20 provided through pay telephones;

21 (u) Post-paid calling service means the telecommunications service  
22 obtained by making a payment on a call-by-call basis either through the  
23 use of a credit card or payment mechanism, such as a bank card, travel  
24 card, credit card, or debit card, or by a charge made to a telephone  
25 number which is not associated with the origination or termination of the  
26 telecommunications service. A post-paid calling service includes a  
27 telecommunications service, except a prepaid wireless calling service,  
28 that would be a prepaid calling service except it is not exclusively a  
29 telecommunications service;

30 (v) Prepaid calling service means the right to access exclusively  
31 telecommunications service, which is paid for in advance and which

1 enables the origination of calls using an access number or authorization  
2 code, whether manually or electronically dialed, and that is sold in  
3 predetermined units or dollars of which the number declines with use in a  
4 known amount;

5 (w) Prepaid wireless calling service means a telecommunications  
6 service that provides the right to utilize mobile wireless service as  
7 well as other nontelecommunications services, including the download of  
8 digital products delivered electronically, content, and ancillary  
9 services, which must be paid for in advance, that is sold in  
10 predetermined units of dollars or which the number declines with use in a  
11 known amount;

12 (x) Private communication service means a telecommunications service  
13 that entitles the customer to exclusive or priority use of a  
14 communications channel or group of channels between or among termination  
15 points, regardless of the manner in which such channel or channels are  
16 connected, and includes switching capacity, extension lines, stations,  
17 and any other associated services that are provided in connection with  
18 the use of such channel or channels;

19 (y) Residential telecommunications service means a  
20 telecommunications service or ancillary services provided to an  
21 individual for personal use at a residential address, including an  
22 individual dwelling unit such as an apartment. In the case of  
23 institutions where individuals reside, such as schools or nursing homes,  
24 telecommunications service is considered residential if it is provided to  
25 and paid for by an individual resident rather than the institution;

26 (z) Service address means the location of the telecommunications  
27 equipment to which a customer's call is charged and from which the call  
28 originates or terminates, regardless of where the call is billed or paid.  
29 If this location is not known, service address means the origination  
30 point of the signal of the telecommunications service first identified  
31 either by the seller's telecommunications system, or in information

1 received by the seller from its service provider, where the system used  
2 to transport such signals is not that of the seller. If both locations  
3 are not known, the service address means the location of the customer's  
4 place of primary use;

5 (aa) Telecommunications service means the electronic transmission,  
6 conveyance, or routing of voice, data, audio, video, or any other  
7 information or signals to a point, or between or among points.  
8 Telecommunications service includes such transmission, conveyance, or  
9 routing in which computer processing applications are used to act on the  
10 form, code, or protocol of the content for purposes of transmission,  
11 conveyance, or routing without regard to whether such service is referred  
12 to as voice over Internet protocol services or is classified by the  
13 Federal Communications Commission as enhanced or value-added.  
14 Telecommunications service does not include:

15 (i) Data processing and information services that allow data to be  
16 generated, acquired, stored, processed, or retrieved and delivered by an  
17 electronic transmission to a purchaser when such purchaser's primary  
18 purpose for the underlying transaction is the processed data or  
19 information;

20 (ii) Installation or maintenance of wiring or equipment on a  
21 customer's premises;

22 (iii) Tangible personal property;

23 (iv) Advertising, including, but not limited to, directory  
24 advertising;

25 (v) Billing and collection services provided to third parties;

26 (vi) Internet access service;

27 (vii) Radio and television audio and video programming services,  
28 regardless of the medium, including the furnishing of transmission,  
29 conveyance, and routing of such services by the programming service  
30 provider. Radio and television audio and video programming services shall  
31 include, but not be limited to, cable service as defined in 47 U.S.C.

1 522, as such section existed on January 1, 2007, and audio and video  
2 programming services delivered by providers of commercial mobile radio  
3 service as defined in 47 C.F.R. 20.3, as such regulation existed on  
4 January 1, 2007;

5 (viii) Ancillary services; or

6 (ix) Digital products delivered electronically, including, but not  
7 limited to, software, music, video, reading materials, or ringtones;

8 (bb) Value-added, nonvoice data service means a service that  
9 otherwise meets the definition of telecommunications services in which  
10 computer processing applications are used to act on the form, content,  
11 code, or protocol of the information or data primarily for a purpose  
12 other than transmission, conveyance, or routing;

13 (cc) Vertical service means an ancillary service that is offered in  
14 connection with one or more telecommunications services, which offers  
15 advanced calling features that allow customers to identify callers and to  
16 manage multiple calls and call connections, including conference bridging  
17 services; and

18 (dd) Voice mail service means an ancillary service that enables the  
19 customer to store, send, or receive recorded messages. Voice mail service  
20 does not include any vertical services that the customer may be required  
21 to have in order to utilize the voice mail service.

22 **Sec. 13.** Section 77-2704.31, Revised Statutes Cumulative Supplement,  
23 2024, is amended to read:

24 77-2704.31 If any person who causes property or service to be  
25 brought into this state has already paid a tax in another state with  
26 respect to the sale or use of such property or service in an amount less  
27 than the tax imposed by sections 13-319, 13-2813, 77-2703, 77-27,142, and  
28 77-6403 and section 2 of this act, the provisions of subsection (2) of  
29 section 77-2703 shall apply, but at a rate measured by the difference  
30 only between the rate imposed by such sections and the rate by which the  
31 previous tax on the sale or use was computed. If such tax imposed and

1 paid in such other state is equal to or more than the tax imposed by such  
2 sections, then no use tax shall be due in this state on such property if  
3 such other state, territory, or possession grants a reciprocal exclusion  
4 or exemption to similar transactions in this state.

5 **Sec. 14.** Section 77-2708, Revised Statutes Cumulative Supplement,  
6 2024, is amended to read:

7 77-2708 (1)(a) The sales and use taxes imposed by the Nebraska  
8 Revenue Act of 1967 shall be due and payable to the Tax Commissioner  
9 monthly on or before the twentieth day of the month next succeeding each  
10 monthly period unless otherwise provided pursuant to the Nebraska Revenue  
11 Act of 1967.

12 (b)(i) On or before the twentieth day of the month following each  
13 monthly period or such other period as the Tax Commissioner may require,  
14 a return for such period, along with all taxes due, shall be filed with  
15 the Tax Commissioner in such form and content as the Tax Commissioner may  
16 prescribe and containing such information as the Tax Commissioner deems  
17 necessary for the proper administration of the Nebraska Revenue Act of  
18 1967. The Tax Commissioner, if he or she deems it necessary in order to  
19 insure payment to or facilitate the collection by the state of the amount  
20 of sales or use taxes due, may require returns and payment of the amount  
21 of such taxes for periods other than monthly periods in the case of a  
22 particular seller, retailer, or purchaser, as the case may be. The Tax  
23 Commissioner shall by rule and regulation require reports and tax  
24 payments from sellers, retailers, or purchasers depending on their yearly  
25 tax liability. Except as required by the streamlined sales and use tax  
26 agreement, annual returns shall be required if such sellers', retailers',  
27 or purchasers' yearly tax liability is less than nine hundred dollars,  
28 quarterly returns shall be required if their yearly tax liability is nine  
29 hundred dollars or more and less than three thousand dollars, and monthly  
30 returns shall be required if their yearly tax liability is three thousand  
31 dollars or more. The Tax Commissioner shall have the discretion to allow

1 an annual return for seasonal retailers, even when their yearly tax  
2 liability exceeds the amounts listed in this subdivision.

3 The Tax Commissioner may adopt and promulgate rules and regulations  
4 to allow annual, semiannual, or quarterly returns for any retailer making  
5 monthly remittances or payments of sales and use taxes by electronic  
6 funds transfer or for any retailer remitting tax to the state pursuant to  
7 the streamlined sales and use tax agreement. Such rules and regulations  
8 may establish a method of determining the amount of the payment that will  
9 result in substantially all of the tax liability being paid each quarter.  
10 At least once each year, the difference between the amount paid and the  
11 amount due shall be reconciled. If the difference is more than ten  
12 percent of the amount paid, a penalty of fifty percent of the unpaid  
13 amount shall be imposed.

14 (ii) For purposes of the sales tax, a return shall be filed by every  
15 retailer liable for collection from a purchaser and payment to the state  
16 of the tax, except that a combined sales tax return may be filed for all  
17 licensed locations which are subject to common ownership. For purposes of  
18 this subdivision, common ownership means the same person or persons own  
19 eighty percent or more of each licensed location. For purposes of the use  
20 tax, a return shall be filed by every retailer engaged in business in  
21 this state and by every person who has purchased property, the storage,  
22 use, or other consumption of which is subject to the use tax, but who has  
23 not paid the use tax due to a retailer required to collect the tax.

24 (iii) The Tax Commissioner may require that returns be signed by the  
25 person required to file the return or by his or her duly authorized agent  
26 but need not be verified by oath.

27 (iv) A taxpayer who keeps his or her regular books and records on a  
28 cash basis, an accrual basis, or any generally recognized accounting  
29 basis which correctly reflects the operation of the business may file the  
30 sales and use tax returns required by the Nebraska Revenue Act of 1967 on  
31 the same accounting basis that is used for the regular books and records,

1   except that on credit, conditional, and installment sales, the retailer  
2   who keeps his or her books on an accrual basis may report such sales on  
3   the cash basis and pay the tax upon the collections made during each  
4   month. If a taxpayer transfers, sells, assigns, or otherwise disposes of  
5   an account receivable, he or she shall be deemed to have received the  
6   full balance of the consideration for the original sale and shall be  
7   liable for the remittance of the sales tax on the balance of the total  
8   sale price not previously reported, except that such transfer, sale,  
9   assignment, or other disposition of an account receivable by a retailer  
10   to a subsidiary shall not be deemed to require the retailer to pay the  
11   sales tax on the credit sale represented by the account transferred prior  
12   to the time the customer makes payment on such account. If the subsidiary  
13   does not obtain a Nebraska sales tax permit, the taxpayer shall obtain a  
14   surety bond in favor of the State of Nebraska to insure payment of the  
15   tax and any interest and penalty imposed thereon under this section in an  
16   amount not less than two times the amount of tax payable on outstanding  
17   accounts receivable held by the subsidiary as of the end of the prior  
18   calendar year. Failure to obtain either a sales tax permit or a surety  
19   bond in accordance with this section shall result in the payment on the  
20   next required filing date of all sales taxes not previously remitted.  
21   When the retailer has adopted one basis or the other of reporting credit,  
22   conditional, or installment sales and paying the tax thereon, he or she  
23   will not be permitted to change from that basis without first having  
24   notified the Tax Commissioner.

25       (c) Except as provided in the streamlined sales and use tax  
26   agreement, the taxpayer required to file the return shall deliver or mail  
27   any required return together with a remittance of the net amount of the  
28   tax due to the office of the Tax Commissioner on or before the required  
29   filing date. Failure to file the return, filing after the required filing  
30   date, failure to remit the net amount of the tax due, or remitting the  
31   net amount of the tax due after the required filing date shall be cause

1 for a penalty, in addition to interest, of ten percent of the amount of  
2 tax not paid by the required filing date or twenty-five dollars,  
3 whichever is greater, unless the penalty is being collected under  
4 subdivision (1)(i), (1)(j)(i), or (1)(k)(i) of section 77-2703 by a  
5 county treasurer or the Department of Motor Vehicles, in which case the  
6 penalty shall be five dollars.

7 (d) The taxpayer shall deduct and withhold, from the taxes otherwise  
8 due from him or her on his or her tax return, three percent of the first  
9 five thousand dollars remitted each month to reimburse himself or herself  
10 for the cost of collecting the tax. Taxpayers filing a combined return as  
11 allowed by subdivision (1)(b)(ii) of this subsection shall compute such  
12 collection fees on the basis of the receipts and liability of each  
13 licensed location.

14 (e) A retailer that makes sales into Nebraska using a multivendor  
15 marketplace platform is relieved of its obligation to collect and remit  
16 sales taxes to Nebraska with regard to any sales taxes collected and  
17 remitted by the multivendor marketplace platform. Such a retailer must  
18 include all sales into Nebraska in its gross receipts in its return, but  
19 may claim credit for any sales taxes collected and remitted by the  
20 multivendor marketplace platform with respect to such retailer's sales.  
21 Such retailer is liable for the sales tax due on sales into Nebraska as  
22 provided in section 77-2704.35.

23 (f) A multivendor marketplace platform is relieved of its obligation  
24 to collect and remit the correct amount of state and local sales taxes to  
25 Nebraska to the extent that the multivendor marketplace platform can  
26 establish that the error was due to insufficient or incorrect information  
27 given to the multivendor marketplace platform by the seller and relied on  
28 by the multivendor marketplace platform. This subdivision shall not apply  
29 if the multivendor marketplace platform and the seller are related  
30 persons under either section 267(b) or (c) or section 707(b) of the  
31 Internal Revenue Code of 1986 or if the seller is also the multivendor



1 marketplace platform operator.

2 (2)(a) If the Tax Commissioner determines that any sales or use tax  
3 amount, penalty, or interest has been paid more than once, has been  
4 erroneously or illegally collected or computed, or has been paid and the  
5 purchaser qualifies for a refund under section 77-2708.01, the Tax  
6 Commissioner shall set forth that fact in his or her records and the  
7 excess amount collected or paid may be credited on any sales, use, or  
8 income tax amounts then due and payable from the person under the  
9 Nebraska Revenue Act of 1967. Any balance may be refunded to the person  
10 by whom it was paid or his or her successors, administrators, or  
11 executors.

12 (b) No refund shall be allowed unless a claim therefor is filed with  
13 the Tax Commissioner by the person who made the overpayment or his or her  
14 attorney, executor, or administrator within three years from the required  
15 filing date following the close of the period for which the overpayment  
16 was made, within six months after any determination becomes final under  
17 section 77-2709, or within six months from the date of overpayment with  
18 respect to such determinations, whichever of these three periods expires  
19 later, unless the credit relates to a period for which a waiver has been  
20 given. Failure to file a claim within the time prescribed in this  
21 subsection shall constitute a waiver of any demand against the state on  
22 account of overpayment.

23 (c) Every claim shall be in writing on forms prescribed by the Tax  
24 Commissioner and shall state the specific amount and grounds upon which  
25 the claim is founded. No refund shall be made in any amount less than two  
26 dollars.

27 (d) The Tax Commissioner shall allow or disallow a claim within one  
28 hundred eighty days after it has been filed. A request for a hearing  
29 shall constitute a waiver of the one-hundred-eighty-day period. The  
30 claimant and the Tax Commissioner may also agree to extend the one-  
31 hundred-eighty-day period. If a hearing has not been requested and the

1 Tax Commissioner has neither allowed nor disallowed a claim within either  
2 the one hundred eighty days or the period agreed to by the claimant and  
3 the Tax Commissioner, the claim shall be deemed to have been allowed.

4 (e) Within thirty days after disallowing any claim in whole or in  
5 part, the Tax Commissioner shall serve notice of his or her action on the  
6 claimant in the manner prescribed for service of notice of a deficiency  
7 determination.

8 (f) Within thirty days after the mailing of the notice of the Tax  
9 Commissioner's action upon a claim filed pursuant to the Nebraska Revenue  
10 Act of 1967, the action of the Tax Commissioner shall be final unless the  
11 taxpayer seeks review of the Tax Commissioner's determination as provided  
12 in section 77-27,127.

13 (g) Upon the allowance of a credit or refund of any sum erroneously  
14 or illegally assessed or collected, of any penalty collected without  
15 authority, or of any sum which was excessive or in any manner wrongfully  
16 collected, interest shall be allowed and paid on the amount of such  
17 credit or refund at the rate specified in section 45-104.02, as such rate  
18 may from time to time be adjusted, from the date such sum was paid or  
19 from the date the return was required to be filed, whichever date is  
20 later, to the date of the allowance of the refund or, in the case of a  
21 credit, to the due date of the amount against which the credit is  
22 allowed, but in the case of a voluntary and unrequested payment in excess  
23 of actual tax liability or a refund under section 77-2708.01, no interest  
24 shall be allowed when such excess is refunded or credited.

25 (h) No suit or proceeding shall be maintained in any court for the  
26 recovery of any amount alleged to have been erroneously or illegally  
27 determined or collected unless a claim for refund or credit has been duly  
28 filed.

29 (i) The Tax Commissioner may recover any refund or part thereof  
30 which is erroneously made and any credit or part thereof which is  
31 erroneously allowed by issuing a deficiency determination within one year

1 from the date of refund or credit or within the period otherwise allowed  
2 for issuing a deficiency determination, whichever expires later.

3 (j)(i) Credit shall be allowed to the retailer, contractor, or  
4 repairperson for sales or use taxes paid pursuant to the Nebraska Revenue  
5 Act of 1967 on any deduction taken that is attributed to bad debts not  
6 including interest. Bad debt has the same meaning as in 26 U.S.C. 166, as  
7 such section existed on January 1, 2003. However, the amount calculated  
8 pursuant to 26 U.S.C. 166 shall be adjusted to exclude: Financing charges  
9 or interest; sales or use taxes charged on the purchase price;  
10 uncollectible amounts on property that remains in the possession of the  
11 seller until the full purchase price is paid; and expenses incurred in  
12 attempting to collect any debt and repossessed property.

13 (ii) Bad debts may be deducted on the return for the period during  
14 which the bad debt is written off as uncollectible in the claimant's  
15 books and records and is eligible to be deducted for federal income tax  
16 purposes. A claimant who is not required to file federal income tax  
17 returns may deduct a bad debt on a return filed for the period in which  
18 the bad debt is written off as uncollectible in the claimant's books and  
19 records and would be eligible for a bad debt deduction for federal income  
20 tax purposes if the claimant was required to file a federal income tax  
21 return.

22 (iii) If a deduction is taken for a bad debt and the debt is  
23 subsequently collected in whole or in part, the tax on the amount so  
24 collected must be paid and reported on the return filed for the period in  
25 which the collection is made.

26 (iv) When the amount of bad debt exceeds the amount of taxable sales  
27 for the period during which the bad debt is written off, a refund claim  
28 may be filed within the otherwise applicable statute of limitations for  
29 refund claims. The statute of limitations shall be measured from the due  
30 date of the return on which the bad debt could first be claimed.

31 (v) If filing responsibilities have been assumed by a certified

1 service provider, the service provider may claim, on behalf of the  
2 retailer, any bad debt allowance provided by this section. The certified  
3 service provider shall credit or refund the full amount of any bad debt  
4 allowance or refund received to the retailer.

5 (vi) For purposes of reporting a payment received on a previously  
6 claimed bad debt, any payments made on a debt or account are applied  
7 first proportionally to the taxable price of the property or service and  
8 the sales tax thereon, and secondly to interest, service charges, and any  
9 other charges.

10 (vii) In situations in which the books and records of the party  
11 claiming the bad debt allowance support an allocation of the bad debts  
12 among the member states in the streamlined sales and use tax agreement,  
13 the state shall permit the allocation.

14 (3) Beginning July 1, 2020, if a refund claim under this section  
15 involves a refund of a tax imposed under the Local Option Revenue Act or  
16 section 13-319, 13-2813, or 77-6403 or section 2 of this act and the  
17 amount of such tax to be refunded is at least five thousand dollars, the  
18 Tax Commissioner shall notify the affected city, village, county, or  
19 municipal county of such claim within twenty days after receiving the  
20 claim. If the Tax Commissioner allows the claim and the refund of such  
21 tax is at least five thousand dollars, the Tax Commissioner shall notify  
22 the affected city, village, county, or municipal county of such refund  
23 and shall give the city, village, county, or municipal county the option  
24 of having such refund deducted from its tax proceeds in one lump sum or  
25 in twelve equal monthly installments. The city, village, county, or  
26 municipal county shall make its selection and shall certify the selection  
27 to the Tax Commissioner within twenty days after receiving notice of the  
28 refund. The Tax Commissioner shall then deduct such refund from the  
29 applicable tax proceeds in accordance with the selection when he or she  
30 deducts refunds pursuant to section 13-324, 13-2814, or 77-6403 or  
31 section 2 of this act or subsection (1) of section 77-27,144, whichever

1 is applicable. This subsection shall not apply to any refund that is  
2 subject to subdivision (2)(a) or (2)(b)(ii) or subsection (3) or (4) of  
3 section 77-27,144.

4 **Sec. 15.** Section 77-2711, Revised Statutes Cumulative Supplement,  
5 2024, is amended to read:

6 77-2711 (1)(a) The Tax Commissioner shall enforce sections  
7 77-2701.04 to 77-2713 and may prescribe, adopt, and enforce rules and  
8 regulations relating to the administration and enforcement of such  
9 sections.

10 (b) The Tax Commissioner may prescribe the extent to which any  
11 ruling or regulation shall be applied without retroactive effect.

12 (2) The Tax Commissioner may employ accountants, auditors,  
13 investigators, assistants, and clerks necessary for the efficient  
14 administration of the Nebraska Revenue Act of 1967 and may delegate  
15 authority to his or her representatives to conduct hearings, prescribe  
16 regulations, or perform any other duties imposed by such act.

17 (3)(a) Every seller, every retailer, and every person storing,  
18 using, or otherwise consuming in this state property purchased from a  
19 retailer shall keep such records, receipts, invoices, and other pertinent  
20 papers in such form as the Tax Commissioner may reasonably require.

21 (b) Every such seller, retailer, or person shall keep such records  
22 for not less than three years from the making of such records unless the  
23 Tax Commissioner in writing sooner authorized their destruction.

24 (4) The Tax Commissioner or any person authorized in writing by him  
25 or her may examine the books, papers, records, and equipment of any  
26 person selling property and any person liable for the use tax and may  
27 investigate the character of the business of the person in order to  
28 verify the accuracy of any return made or, if no return is made by the  
29 person, to ascertain and determine the amount required to be paid. In the  
30 examination of any person selling property or of any person liable for  
31 the use tax, an inquiry shall be made as to the accuracy of the reporting

1 of city and county sales and use taxes for which the person is liable  
2 under the Local Option Revenue Act or sections 13-319, 13-324, 13-2813,  
3 and 77-6403 and section 2 of this act and the accuracy of the allocation  
4 made between the various counties, cities, villages, and municipal  
5 counties of the tax due. The Tax Commissioner may make or cause to be  
6 made copies of resale or exemption certificates and may pay a reasonable  
7 amount to the person having custody of the records for providing such  
8 copies.

9 (5) The taxpayer shall have the right to keep or store his or her  
10 records at a point outside this state and shall make his or her records  
11 available to the Tax Commissioner at all times.

12 (6) In administration of the use tax, the Tax Commissioner may  
13 require the filing of reports by any person or class of persons having in  
14 his, her, or their possession or custody information relating to sales of  
15 property, the storage, use, or other consumption of which is subject to  
16 the tax. The report shall be filed when the Tax Commissioner requires and  
17 shall set forth the names and addresses of purchasers of the property,  
18 the sales price of the property, the date of sale, and such other  
19 information as the Tax Commissioner may require.

20 (7) It shall be a Class I misdemeanor for the Tax Commissioner or  
21 any official or employee of the Tax Commissioner, the State Treasurer, or  
22 the Department of Administrative Services to make known in any manner  
23 whatever the business affairs, operations, or information obtained by an  
24 investigation of records and activities of any retailer or any other  
25 person visited or examined in the discharge of official duty or the  
26 amount or source of income, profits, losses, expenditures, or any  
27 particular thereof, set forth or disclosed in any return, or to permit  
28 any return or copy thereof, or any book containing any abstract or  
29 particulars thereof to be seen or examined by any person not connected  
30 with the Tax Commissioner. Nothing in this section shall be construed to  
31 prohibit (a) the delivery to a taxpayer, his or her duly authorized

1 representative, or his or her successors, receivers, trustees, executors,  
2 administrators, assignees, or guarantors, if directly interested, of a  
3 certified copy of any return or report in connection with his or her tax,  
4 (b) the publication of statistics so classified as to prevent the  
5 identification of particular reports or returns and the items thereof,  
6 (c) the inspection by the Attorney General, other legal representative of  
7 the state, or county attorney of the reports or returns of any taxpayer  
8 when either (i) information on the reports or returns is considered by  
9 the Attorney General to be relevant to any action or proceeding  
10 instituted by the taxpayer or against whom an action or proceeding is  
11 being considered or has been commenced by any state agency or the county  
12 or (ii) the taxpayer has instituted an action to review the tax based  
13 thereon or an action or proceeding against the taxpayer for collection of  
14 tax or failure to comply with the Nebraska Revenue Act of 1967 is being  
15 considered or has been commenced, (d) the furnishing of any information  
16 to the United States Government or to states allowing similar privileges  
17 to the Tax Commissioner, (e) the disclosure of information and records to  
18 a collection agency contracting with the Tax Commissioner pursuant to  
19 sections 77-377.01 to 77-377.04, (f) the disclosure to another party to a  
20 transaction of information and records concerning the transaction between  
21 the taxpayer and the other party, (g) the disclosure of information  
22 pursuant to section 77-27,195, 77-5731, 77-6837, 77-6839, or 77-6928, or  
23 (h) the disclosure of information to the Department of Labor necessary  
24 for the administration of the Employment Security Law, the Contractor  
25 Registration Act, or the Employee Classification Act.

26 (8) Notwithstanding the provisions of subsection (7) of this  
27 section, the Tax Commissioner may permit the Postal Inspector of the  
28 United States Postal Service or his or her delegates to inspect the  
29 reports or returns of any person filed pursuant to the Nebraska Revenue  
30 Act of 1967 when information on the reports or returns is relevant to any  
31 action or proceeding instituted or being considered by the United States

1 Postal Service against such person for the fraudulent use of the mails to  
2 carry and deliver false and fraudulent tax returns to the Tax  
3 Commissioner with the intent to defraud the State of Nebraska or to evade  
4 the payment of Nebraska state taxes.

5 (9) Notwithstanding the provisions of subsection (7) of this  
6 section, the Tax Commissioner may permit other tax officials of this  
7 state to inspect the tax returns, reports, and applications filed under  
8 sections 77-2701.04 to 77-2713, but such inspection shall be permitted  
9 only for purposes of enforcing a tax law and only to the extent and under  
10 the conditions prescribed by the rules and regulations of the Tax  
11 Commissioner.

12 (10) Notwithstanding the provisions of subsection (7) of this  
13 section, the Tax Commissioner may, upon request, provide the county board  
14 of any county which has exercised the authority granted by section  
15 81-3716 with a list of the names and addresses of the hotels located  
16 within the county for which lodging sales tax returns have been filed or  
17 for which lodging sales taxes have been remitted for the county's County  
18 Visitors Promotion Fund under the Nebraska Visitors Development Act.

19 The information provided by the Tax Commissioner shall indicate only  
20 the names and addresses of the hotels located within the requesting  
21 county for which lodging sales tax returns have been filed for a  
22 specified period and the fact that lodging sales taxes remitted by or on  
23 behalf of the hotel have constituted a portion of the total sum remitted  
24 by the state to the county for a specified period under the provisions of  
25 the Nebraska Visitors Development Act. No additional information shall be  
26 revealed.

27 (11)(a) Notwithstanding the provisions of subsection (7) of this  
28 section, the Tax Commissioner shall, upon written request by the Auditor  
29 of Public Accounts or the office of Legislative Audit, make tax returns  
30 and tax return information open to inspection by or disclosure to the  
31 Auditor of Public Accounts or employees of the office of Legislative



1     Audit for the purpose of and to the extent necessary in making an audit  
2     of the Department of Revenue pursuant to section 50-1205 or 84-304.  
3     Confidential tax returns and tax return information shall be audited only  
4     upon the premises of the Department of Revenue. All audit work papers  
5     pertaining to the audit of the Department of Revenue shall be stored in a  
6     secure place in the Department of Revenue.

7           (b) No employee of the Auditor of Public Accounts or the office of  
8     Legislative Audit shall disclose to any person, other than another  
9     Auditor of Public Accounts or office employee whose official duties  
10    require such disclosure, any return or return information described in  
11    the Nebraska Revenue Act of 1967 in a form which can be associated with  
12    or otherwise identify, directly or indirectly, a particular taxpayer.

13          (c) Any person who violates the provisions of this subsection shall  
14    be guilty of a Class I misdemeanor. For purposes of this subsection,  
15    employee includes a former Auditor of Public Accounts or office of  
16    Legislative Audit employee.

17          (12) For purposes of this subsection and subsections (11) and (14)  
18    of this section:

19          (a) Disclosure means the making known to any person in any manner a  
20    tax return or return information;

21          (b) Return information means:

22           (i) A taxpayer's identification number and (A) the nature, source,  
23    or amount of his or her income, payments, receipts, deductions,  
24    exemptions, credits, assets, liabilities, net worth, tax liability, tax  
25    withheld, deficiencies, over assessments, or tax payments, whether the  
26    taxpayer's return was, is being, or will be examined or subject to other  
27    investigation or processing or (B) any other data received by, recorded  
28    by, prepared by, furnished to, or collected by the Tax Commissioner with  
29    respect to a return or the determination of the existence or possible  
30    existence of liability or the amount of liability of any person for any  
31    tax, penalty, interest, fine, forfeiture, or other imposition or offense;

1 and

2 (ii) Any part of any written determination or any background file  
3 document relating to such written determination; and

4 (c) Tax return or return means any tax or information return or  
5 claim for refund required by, provided for, or permitted under sections  
6 77-2701 to 77-2713 which is filed with the Tax Commissioner by, on behalf  
7 of, or with respect to any person and any amendment or supplement  
8 thereto, including supporting schedules, attachments, or lists which are  
9 supplemental to or part of the filed return.

10 (13) Notwithstanding the provisions of subsection (7) of this  
11 section, the Tax Commissioner shall, upon request, provide any  
12 municipality which has adopted the local option sales tax under the Local  
13 Option Revenue Act with a list of the names and addresses of the  
14 retailers which have collected the local option sales tax for the  
15 municipality. The request may be made annually and shall be submitted to  
16 the Tax Commissioner on or before June 30 of each year. The information  
17 provided by the Tax Commissioner shall indicate only the names and  
18 addresses of the retailers. The Tax Commissioner may provide additional  
19 information to a municipality so long as the information does not include  
20 any data detailing the specific revenue, expenses, or operations of any  
21 particular business.

22 (14)(a) Notwithstanding the provisions of subsection (7) of this  
23 section, the Tax Commissioner shall, upon written request, provide an  
24 individual certified under subdivision (b) of this subsection  
25 representing a municipality which has adopted the local option sales and  
26 use tax under the Local Option Revenue Act with confidential sales and  
27 use tax returns and sales and use tax return information regarding  
28 taxpayers that possess a sales tax permit and the amounts remitted by  
29 such permitholders at locations within the boundaries of the requesting  
30 municipality or with confidential business use tax returns and business  
31 use tax return information regarding taxpayers that file a Nebraska and

1 Local Business Use Tax Return and the amounts remitted by such taxpayers  
2 at locations within the boundaries of the requesting municipality. Any  
3 written request pursuant to this subsection shall provide the Department  
4 of Revenue with no less than ten business days to prepare the sales and  
5 use tax returns and sales and use tax return information requested. The  
6 individual certified under subdivision (b) of this subsection shall  
7 review such returns and return information only upon the premises of the  
8 department, except that such limitation shall not apply if the certifying  
9 municipality has an agreement in effect under the Nebraska Advantage  
10 Transformational Tourism and Redevelopment Act. In such case, the  
11 individual certified under subdivision (b) of this subsection may request  
12 that copies of such returns and return information be sent to him or her  
13 by electronic transmission, secured in a manner as determined by the Tax  
14 Commissioner.

15 (b) Each municipality that seeks to request information under  
16 subdivision (a) of this subsection shall certify to the Department of  
17 Revenue one individual who is authorized by such municipality to make  
18 such request and review the documents described in subdivision (a) of  
19 this subsection. The individual may be a municipal employee or an  
20 individual who contracts with the requesting municipality to provide  
21 financial, accounting, or other administrative services.

22 (c) No individual certified by a municipality pursuant to  
23 subdivision (b) of this subsection shall disclose to any person any  
24 information obtained pursuant to a review under this subsection. An  
25 individual certified by a municipality pursuant to subdivision (b) of  
26 this subsection shall remain subject to this subsection after he or she  
27 (i) is no longer certified or (ii) is no longer in the employment of or  
28 under contract with the certifying municipality.

29 (d) Any person who violates the provisions of this subsection shall  
30 be guilty of a Class I misdemeanor.

31 (e) The Department of Revenue shall not be held liable by any person

1 for an impermissible disclosure by a municipality or any agent or  
2 employee thereof of any information obtained pursuant to a review under  
3 this subsection.

4 (15) In all proceedings under the Nebraska Revenue Act of 1967, the  
5 Tax Commissioner may act for and on behalf of the people of the State of  
6 Nebraska. The Tax Commissioner in his or her discretion may waive all or  
7 part of any penalties provided by the provisions of such act or interest  
8 on delinquent taxes specified in section 45-104.02, as such rate may from  
9 time to time be adjusted.

10 (16)(a) The purpose of this subsection is to set forth the state's  
11 policy for the protection of the confidentiality rights of all  
12 participants in the system operated pursuant to the streamlined sales and  
13 use tax agreement and of the privacy interests of consumers who deal with  
14 model 1 sellers.

15 (b) For purposes of this subsection:

16 (i) Anonymous data means information that does not identify a  
17 person;

18 (ii) Confidential taxpayer information means all information that is  
19 protected under a member state's laws, regulations, and privileges; and

20 (iii) Personally identifiable information means information that  
21 identifies a person.

22 (c) The state agrees that a fundamental precept for model 1 sellers  
23 is to preserve the privacy of consumers by protecting their anonymity.  
24 With very limited exceptions, a certified service provider shall perform  
25 its tax calculation, remittance, and reporting functions without  
26 retaining the personally identifiable information of consumers.

27 (d) The governing board of the member states in the streamlined  
28 sales and use tax agreement may certify a certified service provider only  
29 if that certified service provider certifies that:

30 (i) Its system has been designed and tested to ensure that the  
31 fundamental precept of anonymity is respected;

1 (ii) Personally identifiable information is only used and retained  
2 to the extent necessary for the administration of model 1 with respect to  
3 exempt purchasers;

4 (iii) It provides consumers clear and conspicuous notice of its  
5 information practices, including what information it collects, how it  
6 collects the information, how it uses the information, how long, if at  
7 all, it retains the information, and whether it discloses the information  
8 to member states. Such notice shall be satisfied by a written privacy  
9 policy statement accessible by the public on the website of the certified  
10 service provider;

11 (iv) Its collection, use, and retention of personally identifiable  
12 information is limited to that required by the member states to ensure  
13 the validity of exemptions from taxation that are claimed by reason of a  
14 consumer's status or the intended use of the goods or services purchased;  
15 and

16 (v) It provides adequate technical, physical, and administrative  
17 safeguards so as to protect personally identifiable information from  
18 unauthorized access and disclosure.

19 (e) The state shall provide public notification to consumers,  
20 including exempt purchasers, of the state's practices relating to the  
21 collection, use, and retention of personally identifiable information.

22 (f) When any personally identifiable information that has been  
23 collected and retained is no longer required for the purposes set forth  
24 in subdivision (16)(d)(iv) of this section, such information shall no  
25 longer be retained by the member states.

26 (g) When personally identifiable information regarding an individual  
27 is retained by or on behalf of the state, it shall provide reasonable  
28 access by such individual to his or her own information in the state's  
29 possession and a right to correct any inaccurately recorded information.

30 (h) If anyone other than a member state, or a person authorized by  
31 that state's law or the agreement, seeks to discover personally

1 identifiable information, the state from whom the information is sought  
2 should make a reasonable and timely effort to notify the individual of  
3 such request.

4 (i) This privacy policy is subject to enforcement by the Attorney  
5 General.

6 (j) All other laws and regulations regarding the collection, use,  
7 and maintenance of confidential taxpayer information remain fully  
8 applicable and binding. Without limitation, this subsection does not  
9 enlarge or limit the state's authority to:

10 (i) Conduct audits or other reviews as provided under the agreement  
11 and state law;

12 (ii) Provide records pursuant to the federal Freedom of Information  
13 Act, disclosure laws with governmental agencies, or other regulations;

14 (iii) Prevent, consistent with state law, disclosure of confidential  
15 taxpayer information;

16 (iv) Prevent, consistent with federal law, disclosure or misuse of  
17 federal return information obtained under a disclosure agreement with the  
18 Internal Revenue Service; and

19 (v) Collect, disclose, disseminate, or otherwise use anonymous data  
20 for governmental purposes.

21 **Sec. 16.** Section 77-2712.05, Revised Statutes Cumulative Supplement,  
22 2024, is amended to read:

23 77-2712.05 By agreeing to the terms of the streamlined sales and use  
24 tax agreement, this state agrees to abide by the following requirements:

25 (1) Uniform state rate. The state shall comply with restrictions to  
26 achieve over time more uniform state rates through the following:

27 (a) Limiting the number of state rates;

28 (b) Limiting the application of maximums on the amount of state tax  
29 that is due on a transaction; and

30 (c) Limiting the application of thresholds on the application of  
31 state tax;

1           (2) Uniform standards. The state hereby establishes uniform  
2 standards for the following:

3           (a) Sourcing of transactions to taxing jurisdictions as provided in  
4 sections 77-2703.01 to 77-2703.04;

5           (b) Administration of exempt sales as set out by the agreement and  
6 using procedures as determined by the governing board;

7           (c) Allowances a seller can take for bad debts as provided in  
8 section 77-2708; and

9           (d) Sales and use tax returns and remittances. To comply with the  
10 agreement, the Tax Commissioner shall:

11           (i) Require only one remittance for each return except as provided  
12 in this subdivision. If any additional remittance is required, it may  
13 only be required from retailers that collect more than thirty thousand  
14 dollars in sales and use taxes in the state during the preceding calendar  
15 year as provided in this subdivision. The amount of any additional  
16 remittance may be determined through a calculation method rather than  
17 actual collections. Any additional remittance shall not require the  
18 filing of an additional return;

19           (ii) Require, at his or her discretion, all remittances from sellers  
20 under models 1, 2, and 3 to be remitted electronically;

21           (iii) Allow for electronic payments by both automated clearinghouse  
22 credit and debit;

23           (iv) Provide an alternative method for making same day payments if  
24 an electronic funds transfer fails;

25           (v) Provide that if a due date falls on a legal banking holiday, the  
26 taxes are due to that state on the next succeeding business day; and

27           (vi) Require that any data that accompanies a remittance be  
28 formatted using uniform tax type and payment type codes approved by the  
29 governing board of the member states to the streamlined sales and use tax  
30 agreement;

31           (3) Uniform definitions. (a) The state shall utilize the uniform

1 definitions of sales and use tax terms as provided in the agreement. The  
2 definitions enable Nebraska to preserve its ability to make taxability  
3 and exemption choices not inconsistent with the uniform definitions.

4 (b) The state may enact a product-based exemption without  
5 restriction if the agreement does not have a definition for the product  
6 or for a term that includes the product. If the agreement has a  
7 definition for the product or for a term that includes the product, the  
8 state may exempt all items included within the definition but shall not  
9 exempt only part of the items included within the definition unless the  
10 agreement sets out the exemption for part of the items as an acceptable  
11 variation.

12 (c) The state may enact an entity-based or a use-based exemption  
13 without restriction if the agreement does not have a definition for the  
14 product whose use or purchase by a specific entity is exempt or for a  
15 term that includes the product. If the agreement has a definition for the  
16 product whose use or specific purchase is exempt, states may enact an  
17 entity-based or a use-based exemption that applies to that product as  
18 long as the exemption utilizes the agreement definition of the product.  
19 If the agreement does not have a definition for the product whose use or  
20 specific purchase is exempt but has a definition for a term that includes  
21 the product, states may enact an entity-based or a use-based exemption  
22 for the product without restriction.

23 (d) For purposes of complying with the requirements in this section,  
24 the inclusion of a product within the definition of tangible personal  
25 property is disregarded;

26 (4) Central registration. The state shall participate in an  
27 electronic central registration system that allows a seller to register  
28 to collect and remit sales and use taxes for all member states. Under the  
29 system:

30 (a) A retailer registering under the agreement is registered in this  
31 state;



1 (b) The state agrees not to require the payment of any registration  
2 fees or other charges for a retailer to register in the state if the  
3 retailer has no legal requirement to register;

4 (c) A written signature from the retailer is not required;

5 (d) An agent may register a retailer under uniform procedures  
6 adopted by the member states pursuant to the agreement;

7 (e) A retailer may cancel its registration under the system at any  
8 time under uniform procedures adopted by the governing board.  
9 Cancellation does not relieve the retailer of its liability for remitting  
10 to the proper states any taxes collected;

11 (f) When registering, the retailer that is registered under the  
12 agreement may select one of the following methods of remittances or other  
13 method allowed by state law to remit the taxes collected:

14 (i) Model 1, wherein a seller selects a certified service provider  
15 as an agent to perform all the seller's sales or use tax functions, other  
16 than the seller's obligation to remit tax on its own purchases;

17 (ii) Model 2, wherein a seller selects a certified automated system  
18 to use which calculates the amount of tax due on a transaction; and

19 (iii) Model 3, wherein a seller utilizes its own proprietary  
20 automated sales tax system that has been certified as a certified  
21 automated system; and

22 (g) Sellers who register within twelve months after this state's  
23 first approval of a certified service provider are relieved from  
24 liability, including the local option tax, for tax not collected or paid  
25 if the seller was not registered between October 1, 2004, and September  
26 30, 2005. Such relief from liability shall be in accordance with the  
27 terms of the agreement;

28 (5) No nexus attribution. The state agrees that registration with  
29 the central registration system and the collection of sales and use taxes  
30 in the state will not be used as a factor in determining whether the  
31 seller has nexus with the state for any tax at any time;

1           (6) Local sales and use taxes. The agreement requires the reduction  
2 of the burdens of complying with local sales and use taxes as provided in  
3 sections 13-319, 13-324, 13-326, 77-2701.03, 77-27,142, 77-27,143,  
4 77-27,144, and 77-6403 and section 2 of this act that require the  
5 following:

6           (a) No variation between the state and local tax bases;

7           (b) Statewide administration of all sales and use taxes levied by  
8 local jurisdictions within the state so that sellers collecting and  
9 remitting these taxes will not have to register or file returns with,  
10 remit funds to, or be subject to independent audits from local taxing  
11 jurisdictions;

12           (c) Limitations on the frequency of changes in the local sales and  
13 use tax rates and setting effective dates for the application of local  
14 jurisdictional boundary changes to local sales and use taxes; and

15           (d) Uniform notice of changes in local sales and use tax rates and  
16 of changes in the boundaries of local taxing jurisdictions;

17           (7) Complete a taxability matrix approved by the governing board.

18           (a) Notice of changes in the taxability of the products or services  
19 listed will be provided as required by the governing board.

20           (b) The entries in the matrix shall be provided and maintained in a  
21 database that is in a downloadable format approved by the governing  
22 board.

23           (c) Sellers, model 2 sellers, and certified service providers are  
24 relieved from liability, including the local option tax, for having  
25 charged and collected the incorrect amount of sales or use tax resulting  
26 from the seller or certified service provider relying on erroneous data  
27 provided by the member state in the taxability matrix or for relying on  
28 product-based classifications that have been reviewed and approved by the  
29 state. The state shall notify the certified service provider or model 2  
30 seller if an item or transaction is incorrectly classified as to its  
31 taxability.

1 (d) Purchasers are relieved from liability for penalty for having  
2 failed to pay the correct amount of tax resulting from the purchaser's  
3 reliance on erroneous data provided by the member state in the taxability  
4 matrix or rates and boundaries databases or for relying on product-based  
5 classifications that have been reviewed and approved by the state;

6 (8) Monetary allowances. The state agrees to allow any monetary  
7 allowances that are to be provided by the states to sellers or certified  
8 service providers in exchange for collecting sales and use taxes as  
9 provided in Article VI of the agreement;

10 (9) State compliance. The agreement requires the state to certify  
11 compliance with the terms of the agreement prior to joining and to  
12 maintain compliance, under the laws of the member state, with all  
13 provisions of the agreement while a member;

14 (10) Consumer privacy. The state hereby adopts a uniform policy for  
15 certified service providers that protects the privacy of consumers and  
16 maintains the confidentiality of tax information as provided in section  
17 77-2711; and

18 (11) Advisory councils. The state agrees to the recognition of an  
19 advisory council of private-sector representatives and an advisory  
20 council of member and nonmember state representatives to consult with in  
21 the administration of the agreement.

22 **Sec. 17.** Section 77-5725, Revised Statutes Cumulative Supplement,  
23 2024, is amended to read:

24 77-5725 (1) Applicants may qualify for benefits under the Nebraska  
25 Advantage Act in one of six tiers:

26 (a) Tier 1, investment in qualified property of at least one million  
27 dollars and the hiring of at least ten new employees. There shall be no  
28 new project applications for benefits under this tier filed after  
29 December 31, 2020. All complete project applications filed on or before  
30 December 31, 2020, shall be considered by the Tax Commissioner and  
31 approved if the project and taxpayer qualify for benefits. Agreements may

1 be executed with regard to completed project applications filed on or  
2 before December 31, 2020. All project agreements pending, approved, or  
3 entered into before such date shall continue in full force and effect;

4 (b) Tier 2, (i) investment in qualified property of at least three  
5 million dollars and the hiring of at least thirty new employees or (ii)  
6 for a large data center project, investment in qualified property for the  
7 data center of at least two hundred million dollars and the hiring for  
8 the data center of at least thirty new employees. There shall be no new  
9 project applications for benefits under this tier filed after December  
10 31, 2020. All complete project applications filed on or before December  
11 31, 2020, shall be considered by the Tax Commissioner and approved if the  
12 project and taxpayer qualify for benefits. Agreements may be executed  
13 with regard to completed project applications filed on or before December  
14 31, 2020. All project agreements pending, approved, or entered into  
15 before such date shall continue in full force and effect;

16 (c) Tier 3, the hiring of at least thirty new employees. There shall  
17 be no new project applications for benefits under this tier filed after  
18 December 31, 2020. All complete project applications filed on or before  
19 December 31, 2020, shall be considered by the Tax Commissioner and  
20 approved if the project and taxpayer qualify for benefits. Agreements may  
21 be executed with regard to completed project applications filed on or  
22 before December 31, 2020. All project agreements pending, approved, or  
23 entered into before such date shall continue in full force and effect;

24 (d) Tier 4, investment in qualified property of at least ten million  
25 dollars and the hiring of at least one hundred new employees. There shall  
26 be no new project applications for benefits under this tier filed after  
27 December 31, 2020. All complete project applications filed on or before  
28 December 31, 2020, shall be considered by the Tax Commissioner and  
29 approved if the project and taxpayer qualify for benefits. Agreements may  
30 be executed with regard to completed project applications filed on or  
31 before December 31, 2020. All project agreements pending, approved, or

1 entered into before such date shall continue in full force and effect;

2 (e) Tier 5, (i) investment in qualified property of at least thirty  
3 million dollars or (ii) for the production of electricity by using one or  
4 more sources of renewable energy to produce electricity for sale as  
5 described in subdivision (1)(j) of section 77-5715, investment in  
6 qualified property of at least twenty million dollars. Failure to  
7 maintain an average number of equivalent employees as defined in section  
8 77-5727 greater than or equal to the number of equivalent employees in  
9 the base year shall result in a partial recapture of benefits. There  
10 shall be no new project applications for benefits under this tier filed  
11 after December 31, 2020. All complete project applications filed on or  
12 before December 31, 2020, shall be considered by the Tax Commissioner and  
13 approved if the project and taxpayer qualify for benefits. Agreements may  
14 be executed with regard to completed project applications filed on or  
15 before December 31, 2020. All project agreements pending, approved, or  
16 entered into before such date shall continue in full force and effect;  
17 and

18 (f) Tier 6, investment in qualified property of at least ten million  
19 dollars and the hiring of at least seventy-five new employees or the  
20 investment in qualified property of at least one hundred million dollars  
21 and the hiring of at least fifty new employees. There shall be no new  
22 project applications for benefits under this tier filed after December  
23 31, 2020. All complete project applications filed on or before December  
24 31, 2020, shall be considered by the Tax Commissioner and approved if the  
25 project and taxpayer qualify for benefits. Agreements may be executed  
26 with regard to completed project applications filed on or before December  
27 31, 2020. All project agreements pending, approved, or entered into  
28 before such date shall continue in full force and effect.

29 (2) When the taxpayer has met the required levels of employment and  
30 investment contained in the agreement for a tier 1, tier 2, tier 4, tier  
31 5, or tier 6 project, the taxpayer shall be entitled to the following

1 incentives:

2 (a) A refund of all sales and use taxes for a tier 2, tier 4, tier  
3 5, or tier 6 project or a refund of one-half of all sales and use taxes  
4 for a tier 1 project paid under the Local Option Revenue Act, the  
5 Nebraska Revenue Act of 1967, and sections 13-319, 13-324, 13-2813, and  
6 77-6403 and section 2 of this act from the date of the application  
7 through the meeting of the required levels of employment and investment  
8 for all purchases, including rentals, of:

9 (i) Qualified property used as a part of the project;

10 (ii) Property, excluding motor vehicles, based in this state and  
11 used in both this state and another state in connection with the project  
12 except when any such property is to be used for fundraising for or for  
13 the transportation of an elected official;

14 (iii) Tangible personal property by a contractor or repairperson  
15 after appointment as a purchasing agent of the owner of the improvement  
16 to real estate when such property is incorporated into real estate as a  
17 part of a project. The refund shall be based on fifty percent of the  
18 contract price, excluding any land, as the cost of materials subject to  
19 the sales and use tax;

20 (iv) Tangible personal property by a contractor or repairperson  
21 after appointment as a purchasing agent of the taxpayer when such  
22 property is annexed to, but not incorporated into, real estate as a part  
23 of a project. The refund shall be based on the cost of materials subject  
24 to the sales and use tax that were annexed to real estate; and

25 (v) Tangible personal property by a contractor or repairperson after  
26 appointment as a purchasing agent of the taxpayer when such property is  
27 both (A) incorporated into real estate as a part of a project and (B)  
28 annexed to, but not incorporated into, real estate as a part of a  
29 project. The refund shall be based on fifty percent of the contract  
30 price, excluding any land, as the cost of materials subject to the sales  
31 and use tax; and

1 (b)(i) A refund of all sales and use taxes for a tier 2, tier 4,  
2 tier 5, or tier 6 project, excluding the tier 2 and tier 5 projects  
3 described in subdivision (2)(b)(ii) of this section, or a refund of one-  
4 half of all sales and use taxes for a tier 1 project paid under the Local  
5 Option Revenue Act, the Nebraska Revenue Act of 1967, and sections  
6 13-319, 13-324, 13-2813, and 77-6403 and section 2 of this act on the  
7 types of purchases, including rentals, listed in subdivision (a) of this  
8 subsection for such taxes paid during each year of the entitlement period  
9 in which the taxpayer is at or above the required levels of employment  
10 and investment; or

11 (ii) An exemption from all sales and use taxes for a tier 2 large  
12 data center project or a tier 5 project that is sequential to a tier 2  
13 large data center project imposed under the Local Option Revenue Act, the  
14 Nebraska Revenue Act of 1967, and sections 13-319, 13-324, 13-2813, and  
15 77-6403 and section 2 of this act on the types of purchases, including  
16 rentals, listed in subdivision (a) of this subsection for such purchases,  
17 including rentals, occurring during each year of the entitlement period  
18 in which the taxpayer is at or above the required levels of employment  
19 and investment, except that the exemption shall be for the actual  
20 materials purchased with respect to subdivisions (2)(a)(iii), (iv), and  
21 (v) of this section. The Tax Commissioner shall issue such rules,  
22 regulations, certificates, and forms as are appropriate to implement the  
23 efficient use of this exemption.

24 (3) For agreements involving a tier 2 large data center project or a  
25 tier 5 project that is sequential to a tier 2 large data center project:

26 (a) Within sixty days after January 1, 2023, any taxpayer who meets  
27 the requirements of subsection (1) of section 77-2705.01 shall be issued  
28 a direct payment permit under section 77-2705.01, unless the taxpayer has  
29 opted out of this requirement. For any taxpayer who is issued a direct  
30 payment permit, until such taxpayer meets the required levels of  
31 employment and investment contained in the agreement, the taxpayer must

1 pay and remit any applicable sales and use taxes as required by the Tax  
2 Commissioner. Any taxpayer who is issued a direct payment permit under  
3 this subdivision or who otherwise receives the benefit of any refunds or  
4 exemptions under this section shall comply with all data disclosure  
5 requirements in subsection (6) of section 77-27,144, including  
6 disclosures to a municipality which would have received sales and use  
7 taxes but for an exemption allowed under this section; and

8 (b) If the taxpayer meets the required levels of employment and  
9 investment contained in the agreement, the taxpayer shall receive the  
10 sales tax refunds described in subdivision (2)(a) of this section. For  
11 any year in which the taxpayer is not at the required levels of  
12 employment and investment, the taxpayer shall report all sales and use  
13 taxes owed for the period on the taxpayer's tax return.

14 (4) Any taxpayer who qualifies for a tier 1, tier 2, tier 3, or tier  
15 4 project shall be entitled to a credit equal to three percent times the  
16 average wage of new employees times the number of new employees if the  
17 average wage of the new employees equals at least sixty percent of the  
18 Nebraska average annual wage for the year of application. The credit  
19 shall equal four percent times the average wage of new employees times  
20 the number of new employees if the average wage of the new employees  
21 equals at least seventy-five percent of the Nebraska average annual wage  
22 for the year of application. The credit shall equal five percent times  
23 the average wage of new employees times the number of new employees if  
24 the average wage of the new employees equals at least one hundred percent  
25 of the Nebraska average annual wage for the year of application. The  
26 credit shall equal six percent times the average wage of new employees  
27 times the number of new employees if the average wage of the new  
28 employees equals at least one hundred twenty-five percent of the Nebraska  
29 average annual wage for the year of application. For computation of such  
30 credit:

31 (a) Average annual wage means the total compensation paid to



1 employees during the year at the project who are not base-year employees  
2 and who are paid wages equal to at least sixty percent of the Nebraska  
3 average weekly wage for the year of application, excluding any  
4 compensation in excess of one million dollars paid to any one employee  
5 during the year, divided by the number of equivalent employees making up  
6 such total compensation;

7 (b) Average wage of new employees means the average annual wage paid  
8 to employees during the year at the project who are not base-year  
9 employees and who are paid wages equal to at least sixty percent of the  
10 Nebraska average weekly wage for the year of application, excluding any  
11 compensation in excess of one million dollars paid to any one employee  
12 during the year; and

13 (c) Nebraska average annual wage means the Nebraska average weekly  
14 wage times fifty-two.

15 (5) Any taxpayer who qualifies for a tier 6 project shall be  
16 entitled to a credit equal to ten percent times the total compensation  
17 paid to all employees, other than base-year employees, excluding any  
18 compensation in excess of one million dollars paid to any one employee  
19 during the year, employed at the project.

20 (6) Any taxpayer who has met the required levels of employment and  
21 investment for a tier 2 or tier 4 project shall receive a credit equal to  
22 ten percent of the investment made in qualified property at the project.  
23 Any taxpayer who has met the required levels of investment and employment  
24 for a tier 1 project shall receive a credit equal to three percent of the  
25 investment made in qualified property at the project. Any taxpayer who  
26 has met the required levels of investment and employment for a tier 6  
27 project shall receive a credit equal to fifteen percent of the investment  
28 made in qualified property at the project.

29 (7) The credits prescribed in subsections (4), (5), and (6) of this  
30 section shall be allowable for compensation paid and investments made  
31 during each year of the entitlement period that the taxpayer is at or

1 above the required levels of employment and investment.

2 (8) The credit prescribed in subsection (6) of this section shall  
3 also be allowable during the first year of the entitlement period for  
4 investment in qualified property at the project after the date of the  
5 application and before the required levels of employment and investment  
6 were met.

7 (9)(a) Property described in subdivisions (9)(c)(i) through (v) of  
8 this section used in connection with a project or projects, whether  
9 purchased or leased, and placed in service by the taxpayer after the date  
10 the application was filed shall constitute separate classes of property  
11 and are eligible for exemption under the conditions and for the time  
12 periods provided in subdivision (9)(b) of this section.

13 (b)(i) A taxpayer who has met the required levels of employment and  
14 investment for a tier 4 project shall receive the exemption of property  
15 in subdivisions (9)(c)(ii), (iii), and (iv) of this section. A taxpayer  
16 who has met the required levels of employment and investment for a tier 6  
17 project shall receive the exemption of property in subdivisions (9)(c)  
18 (ii), (iii), (iv), and (v) of this section. Such property shall be  
19 eligible for the exemption from the first January 1 following the end of  
20 the year during which the required levels were exceeded through the ninth  
21 December 31 after the first year property included in subdivisions (9)(c)  
22 (ii), (iii), (iv), and (v) of this section qualifies for the exemption.

23 (ii) A taxpayer who has filed an application that describes a tier 2  
24 large data center project or a project under tier 4 or tier 6 shall  
25 receive the exemption of property in subdivision (9)(c)(i) of this  
26 section beginning with the first January 1 following the date the  
27 property was placed in service. The exemption shall continue through the  
28 end of the period property included in subdivisions (9)(c)(ii), (iii),  
29 (iv), and (v) of this section qualifies for the exemption.

30 (iii) A taxpayer who has filed an application that describes a tier  
31 2 large data center project or a tier 5 project that is sequential to a

1 tier 2 large data center project for which the entitlement period has  
2 expired shall receive the exemption of all property in subdivision (9)(c)  
3 of this section beginning any January 1 after the date the property was  
4 placed in service. Such property shall be eligible for exemption from the  
5 tax on personal property from the January 1 preceding the first claim for  
6 exemption approved under this subdivision through the ninth December 31  
7 after the year the first claim for exemption is approved.

8 (iv) A taxpayer who has a project for an Internet web portal or a  
9 data center and who has met the required levels of employment and  
10 investment for a tier 2 project or the required level of investment for a  
11 tier 5 project, taking into account only the employment and investment at  
12 the web portal or data center project, shall receive the exemption of  
13 property in subdivision (9)(c)(ii) of this section. Such property shall  
14 be eligible for the exemption from the first January 1 following the end  
15 of the year during which the required levels were exceeded through the  
16 ninth December 31 after the first year any property included in  
17 subdivisions (9)(c)(ii), (iii), (iv), and (v) of this section qualifies  
18 for the exemption.

19 (v) Such investment and hiring of new employees shall be considered  
20 a required level of investment and employment for this subsection and for  
21 the recapture of benefits under this subsection only.

22 (c) The following property used in connection with such project or  
23 projects, whether purchased or leased, and placed in service by the  
24 taxpayer after the date the application was filed shall constitute  
25 separate classes of personal property:

26 (i) Turbine-powered aircraft, including turboprop, turbojet, and  
27 turbofan aircraft, except when any such aircraft is used for fundraising  
28 for or for the transportation of an elected official;

29 (ii) Computer systems, made up of equipment that is interconnected  
30 in order to enable the acquisition, storage, manipulation, management,  
31 movement, control, display, transmission, or reception of data involving

1 computer software and hardware, used for business information processing  
2 which require environmental controls of temperature and power and which  
3 are capable of simultaneously supporting more than one transaction and  
4 more than one user. A computer system includes peripheral components  
5 which require environmental controls of temperature and power connected  
6 to such computer systems. Peripheral components shall be limited to  
7 additional memory units, tape drives, disk drives, power supplies,  
8 cooling units, data switches, and communication controllers;

9 (iii) Depreciable personal property used for a distribution  
10 facility, including, but not limited to, storage racks, conveyor  
11 mechanisms, forklifts, and other property used to store or move products;

12 (iv) Personal property which is business equipment located in a  
13 single project if the business equipment is involved directly in the  
14 manufacture or processing of agricultural products; and

15 (v) For a tier 2 large data center project or tier 6 project, any  
16 other personal property located at the project.

17 (d) In order to receive the property tax exemptions allowed by  
18 subdivision (9)(c) of this section, the taxpayer shall annually file a  
19 claim for exemption with the Tax Commissioner on or before May 1. The  
20 form and supporting schedules shall be prescribed by the Tax Commissioner  
21 and shall list all property for which exemption is being sought under  
22 this section. A separate claim for exemption must be filed for each  
23 project and each county in which property is claimed to be exempt. A copy  
24 of this form must also be filed with the county assessor in each county  
25 in which the applicant is requesting exemption. The Tax Commissioner  
26 shall determine whether a taxpayer is eligible to obtain exemption for  
27 personal property based on the criteria for exemption and the eligibility  
28 of each item listed for exemption and, on or before August 1, certify  
29 such to the taxpayer and to the affected county assessor.

30 (10)(a) The investment thresholds in this section for a particular  
31 year of application shall be adjusted by the method provided in this

1 subsection, except that the investment threshold for a tier 5 project  
2 described in subdivision (1)(e)(ii) of this section shall not be  
3 adjusted.

4 (b) For tier 1, tier 2, tier 4, and tier 5 projects other than tier  
5 5 projects described in subdivision (1)(e)(ii) of this section, beginning  
6 October 1, 2006, and each October 1 thereafter, the average Producer  
7 Price Index for all commodities, published by the United States  
8 Department of Labor, Bureau of Labor Statistics, for the most recent  
9 twelve available periods shall be divided by the Producer Price Index for  
10 the first quarter of 2006 and the result multiplied by the applicable  
11 investment threshold. The investment thresholds shall be adjusted for  
12 cumulative inflation since 2006.

13 (c) For tier 6, beginning October 1, 2008, and each October 1  
14 thereafter, the average Producer Price Index for all commodities,  
15 published by the United States Department of Labor, Bureau of Labor  
16 Statistics, for the most recent twelve available periods shall be divided  
17 by the Producer Price Index for the first quarter of 2008 and the result  
18 multiplied by the applicable investment threshold. The investment  
19 thresholds shall be adjusted for cumulative inflation since 2008.

20 (d) For a tier 2 large data center project, beginning October 1,  
21 2012, and each October 1 thereafter, the average Producer Price Index for  
22 all commodities, published by the United States Department of Labor,  
23 Bureau of Labor Statistics, for the most recent twelve available periods  
24 shall be divided by the Producer Price Index for the first quarter of  
25 2012 and the result multiplied by the applicable investment threshold.  
26 The investment thresholds shall be adjusted for cumulative inflation  
27 since 2012.

28 (e) If the resulting amount is not a multiple of one million  
29 dollars, the amount shall be rounded to the next lowest one million  
30 dollars.

31 (f) The investment thresholds established by this subsection apply

1 for purposes of project qualifications for all applications filed on or  
2 after January 1 of the following year for all years of the project.  
3 Adjustments do not apply to projects after the year of application.

4 **Sec. 18.** Section 77-5726, Revised Statutes Cumulative Supplement,  
5 2024, is amended to read:

6 77-5726 (1)(a) The credits prescribed in section 77-5725 for a year  
7 shall be established by filing the forms required by the Tax Commissioner  
8 with the income tax return for the taxable year which includes the end of  
9 the year the credits were earned. The credits may be used and shall be  
10 applied in the order in which they were first allowed. The credits may be  
11 used after any other nonrefundable credits to reduce the taxpayer's  
12 income tax liability imposed by sections 77-2714 to 77-27,135. Credits  
13 may be used beginning with the taxable year which includes December 31 of  
14 the year the required minimum levels were reached. The last year for  
15 which credits may be used is the taxable year which includes December 31  
16 of the last year of the carryover period. Any decision on how part of the  
17 credit is applied shall not limit how the remaining credit could be  
18 applied under this section.

19 (b) The taxpayer may use the credit provided in subsection (4) of  
20 section 77-5725 to reduce the taxpayer's income tax withholding employer  
21 or payor tax liability under section 77-2756 or 77-2757 to the extent  
22 such liability is attributable to the number of new employees at the  
23 project, excluding any compensation in excess of one million dollars paid  
24 to any one employee during the year. The taxpayer may use the credit  
25 provided in subsection (5) of section 77-5725 to reduce the taxpayer's  
26 income tax withholding employer or payor tax liability under section  
27 77-2756 or 77-2757 to the extent such liability is attributable to all  
28 employees employed at the project, other than base-year employees and  
29 excluding any compensation in excess of one million dollars paid to any  
30 one employee during the year. To the extent of the credit used, such  
31 withholding shall not constitute public funds or state tax revenue and

1 shall not constitute a trust fund or be owned by the state. The use by  
2 the taxpayer of the credit shall not change the amount that otherwise  
3 would be reported by the taxpayer to the employee under section 77-2754  
4 as income tax withheld and shall not reduce the amount that otherwise  
5 would be allowed by the state as a refundable credit on an employee's  
6 income tax return as income tax withheld under section 77-2755.

7 For a tier 1, tier 2, tier 3, or tier 4 project, the amount of  
8 credits used against income tax withholding shall not exceed the  
9 withholding attributable to new employees employed at the project,  
10 excluding any compensation in excess of one million dollars paid to any  
11 one employee during the year.

12 For a tier 6 project, the amount of credits used against income tax  
13 withholding shall not exceed the withholding attributable to all  
14 employees employed at the project, other than base-year employees and  
15 excluding any compensation in excess of one million dollars paid to any  
16 one employee during the year.

17 If the amount of credit used by the taxpayer against income tax  
18 withholding exceeds this amount, the excess withholding shall be returned  
19 to the Department of Revenue in the manner provided in section 77-2756,  
20 such excess amount returned shall be considered unused, and the amount of  
21 unused credits may be used as otherwise permitted in this section or  
22 shall carry over to the extent authorized in subdivision (1)(e) of this  
23 section.

24 (c) Credits may be used to obtain a refund of sales and use taxes  
25 under the Local Option Revenue Act, the Nebraska Revenue Act of 1967, and  
26 sections 13-319, 13-324, 13-2813, and 77-6403 and section 2 of this act  
27 which are not otherwise refundable that are paid on purchases, including  
28 rentals, for use at the project for a tier 1, tier 2, tier 3, or tier 4  
29 project or for use within this state for a tier 2 large data center  
30 project or a tier 6 project.

31 (d) The credits earned for a tier 6 project may be used to obtain a

1 payment from the state equal to the real property taxes due after the  
2 year the required levels of employment and investment were met and before  
3 the end of the carryover period, for real property that is included in  
4 such project and acquired by the taxpayer, whether by lease or purchase,  
5 after the date the application was filed. Once the required levels of  
6 employment and investment for a tier 2 large data center project have  
7 been met, the credits earned for a tier 2 large data center project may  
8 be used to obtain a payment from the state equal to the real property  
9 taxes due after the year of application and before the end of the  
10 carryover period, for real property that is included in such project and  
11 acquired by the taxpayer, whether by lease or purchase, after the date  
12 the application was filed. The payment from the state shall be made only  
13 after payment of the real property taxes have been made to the county as  
14 required by law. Payments shall not be allowed for any taxes paid on real  
15 property for which the taxes are divided under section 18-2147 or 58-507.

16 (e) Credits may be carried over until fully utilized, except that  
17 such credits may not be carried over more than nine years after the year  
18 of application for a tier 1 or tier 3 project, fourteen years after the  
19 year of application for a tier 2 or tier 4 project, or more than sixteen  
20 years past the end of the entitlement period for a tier 6 project.

21 (2)(a) No refund claims shall be filed until after the required  
22 levels of employment and investment have been met.

23 (b) Refund claims shall be filed no more than once each quarter for  
24 refunds under the Nebraska Advantage Act, except that any claim for a  
25 refund in excess of twenty-five thousand dollars may be filed at any  
26 time.

27 (c) Refund claims for materials purchased by a purchasing agent  
28 shall include:

29 (i) A copy of the purchasing agent appointment;

30 (ii) The contract price; and

31 (iii)(A) For refunds under subdivision (2)(a)(iii) or (2)(a)(v) of



1 section 77-5725, a certification by the contractor or repairperson of the  
2 percentage of the materials incorporated into or annexed to the project  
3 on which sales and use taxes were paid to Nebraska after appointment as  
4 purchasing agent; or

5 (B) For refunds under subdivision (2)(a)(iv) of section 77-5725, a  
6 certification by the contractor or repairperson of the percentage of the  
7 contract price that represents the cost of materials annexed to the  
8 project and the percentage of the materials annexed to the project on  
9 which sales and use taxes were paid to Nebraska after appointment as  
10 purchasing agent.

11 (d) All refund claims shall be filed, processed, and allowed as any  
12 other claim under section 77-2708, except that the amounts allowed to be  
13 refunded under the Nebraska Advantage Act shall be deemed to be  
14 overpayments and shall be refunded notwithstanding any limitation in  
15 subdivision (2)(a) of section 77-2708. The refund may be allowed if the  
16 claim is filed within three years from the end of the year the required  
17 levels of employment and investment are met or within the period set  
18 forth in section 77-2708.

19 (e) If a claim for a refund of sales and use taxes under the Local  
20 Option Revenue Act or sections 13-319, 13-324, 13-2813, and 77-6403 and  
21 section 2 of this act of more than twenty-five thousand dollars is filed  
22 by June 15 of a given year, the refund shall be made on or after November  
23 15 of the same year. If such a claim is filed on or after June 16 of a  
24 given year, the refund shall not be made until on or after November 15 of  
25 the following year. The Tax Commissioner shall notify the affected city,  
26 village, county, or municipal county of the amount of refund claims of  
27 sales and use taxes under the Local Option Revenue Act or sections  
28 13-319, 13-324, 13-2813, and 77-6403 and section 2 of this act that are  
29 in excess of twenty-five thousand dollars on or before July 1 of the year  
30 before the claims will be paid under this section.

31 (f) Interest shall not be allowed on any taxes refunded under the

1 Nebraska Advantage Act.

2 (3) The appointment of purchasing agents shall be recognized for the  
3 purpose of changing the status of a contractor or repairperson as the  
4 ultimate consumer of tangible personal property purchased after the date  
5 of the appointment which is physically incorporated into or annexed to  
6 the project and becomes the property of the owner of the improvement to  
7 real estate or the taxpayer. The purchasing agent shall be jointly liable  
8 for the payment of the sales and use tax on the purchases with the owner  
9 of the property.

10 (4) A determination that a taxpayer is not engaged in a qualified  
11 business or has failed to meet or maintain the required levels of  
12 employment or investment for incentives, exemptions, or recapture may be  
13 protested within sixty days after the mailing of the written notice of  
14 the proposed determination. If the notice of proposed determination is  
15 not protested within the sixty-day period, the proposed determination is  
16 a final determination. If the notice is protested, the Tax Commissioner  
17 shall issue a written order resolving such protests. The written order of  
18 the Tax Commissioner resolving a protest may be appealed to the district  
19 court of Lancaster County within thirty days after the issuance of the  
20 order.

21 **Sec. 19.** Section 77-6831, Revised Statutes Cumulative Supplement,  
22 2024, is amended to read:

23 77-6831 (1) A taxpayer shall be entitled to the sales and use tax  
24 incentives contained in subsection (2) of this section if the taxpayer:

25 (a) Attains a cumulative investment in qualified property of at  
26 least five million dollars and hires at least thirty new employees at the  
27 qualified location or locations before the end of the ramp-up period;

28 (b) Attains a cumulative investment in qualified property of at  
29 least two hundred fifty million dollars and hires at least two hundred  
30 fifty new employees at the qualified location or locations before the end  
31 of the ramp-up period; or

1 (c) Attains a cumulative investment in qualified property of at  
2 least fifty million dollars at the qualified location or locations before  
3 the end of the ramp-up period. To receive incentives under this  
4 subdivision, the taxpayer must meet the following conditions:

5 (i) The average compensation of the taxpayer's employees at the  
6 qualified location or locations for each year of the performance period  
7 must equal at least one hundred fifty percent of the Nebraska statewide  
8 average hourly wage for the year of application;

9 (ii) The taxpayer must offer to its employees who constitute full-  
10 time employees as defined and described in section 4980H of the Internal  
11 Revenue Code of 1986, as amended, and the regulations for such section,  
12 at the qualified location or locations for each year of the performance  
13 period, the opportunity to enroll in minimum essential coverage under an  
14 eligible employer-sponsored plan, as those terms are defined and  
15 described in section 5000A of the Internal Revenue Code of 1986, as  
16 amended, and the regulations for such section; and

17 (iii) The taxpayer must offer a sufficient package of benefits as  
18 described in subdivision (1)(j) of section 77-6828.

19 (2) A taxpayer meeting the requirements of subsection (1) of this  
20 section shall be entitled to the following sales and use tax incentives:

21 (a) A refund of all sales and use taxes paid under the Local Option  
22 Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment  
23 Payment Act, the County Sales and Use Tax Act, and sections 13-319,  
24 13-324, and 13-2813 from the date of the complete application through the  
25 meeting of the required levels of employment and investment for all  
26 purchases, including rentals, of:

27 (i) Qualified property used at the qualified location or locations;

28 (ii) Property, excluding motor vehicles, based in this state and  
29 used in both this state and another state in connection with the  
30 qualified location or locations except when any such property is to be  
31 used for fundraising for or for the transportation of an elected

1 official;

2 (iii) Tangible personal property by a contractor or repairperson  
3 after appointment as a purchasing agent of the owner of the improvement  
4 to real estate when such property is incorporated into real estate at the  
5 qualified location or locations. The refund shall be based on fifty  
6 percent of the contract price, excluding any land, as the cost of  
7 materials subject to the sales and use tax;

8 (iv) Tangible personal property by a contractor or repairperson  
9 after appointment as a purchasing agent of the taxpayer when such  
10 property is annexed to, but not incorporated into, real estate at the  
11 qualified location or locations. The refund shall be based on the cost of  
12 materials subject to the sales and use tax that were annexed to real  
13 estate; and

14 (v) Tangible personal property by a contractor or repairperson after  
15 appointment as a purchasing agent of the taxpayer when such property is  
16 both (A) incorporated into real estate at the qualified location or  
17 locations and (B) annexed to, but not incorporated into, real estate at  
18 the qualified location or locations. The refund shall be based on fifty  
19 percent of the contract price, excluding any land, as the cost of  
20 materials subject to the sales and use tax; and

21 (b) An exemption from all sales and use taxes under the Local Option  
22 Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment  
23 Payment Act, the County Sales and Use Tax Act, and sections 13-319,  
24 13-324, and 13-2813 on the types of purchases, including rentals, listed  
25 in subdivision (a) of this subsection for such purchases, including  
26 rentals, occurring during each year of the performance period in which  
27 the taxpayer is at or above the required levels of employment and  
28 investment, except that the exemption shall be for the actual materials  
29 purchased with respect to subdivisions (2)(a)(iii), (iv), and (v) of this  
30 section. The Tax Commissioner shall issue such rules, regulations,  
31 certificates, and forms as are appropriate to implement the efficient use

1 of this exemption.

2 (3)(a) Upon execution of the agreement, the taxpayer shall be issued  
3 a direct payment permit under section 77-2705.01, notwithstanding the  
4 three million dollars in purchases limitation in subsection (1) of  
5 section 77-2705.01, for each qualified location specified in the  
6 agreement, unless the taxpayer has opted out of this requirement in the  
7 agreement. For any taxpayer who is issued a direct payment permit, until  
8 such taxpayer makes the investment in qualified property and hires the  
9 new employees at the qualified location or locations as specified in  
10 subsection (1) of this section, the taxpayer must pay and remit any  
11 applicable sales and use taxes as required by the Tax Commissioner.

12 (b) If the taxpayer makes the investment in qualified property and  
13 hires the new employees at the qualified location or locations as  
14 specified in subsection (1) of this section, the taxpayer shall receive  
15 the sales tax refunds described in subdivision (2)(a) of this section.  
16 For any year in which the taxpayer is not at the required levels of  
17 employment and investment, the taxpayer shall report all sales and use  
18 taxes owed for the period on the taxpayer's tax return.

19 (4) The taxpayer shall be entitled to one of the following credits  
20 for payment of wages to new employees:

21 (a)(i) If a taxpayer attains a cumulative investment in qualified  
22 property of at least one million dollars and hires at least ten new  
23 employees at the qualified location or locations before the end of the  
24 ramp-up period, the taxpayer shall be entitled to a credit equal to four  
25 percent times the average wage of new employees times the number of new  
26 employees. Wages in excess of one million dollars paid to any one  
27 employee during the year shall be excluded from the calculations under  
28 this subdivision;

29 (ii) If the taxpayer attains a cumulative investment in qualified  
30 property of at least one million dollars and hires at least ten new  
31 employees at the qualified location or locations before the end of the

1 ramp-up period and the number of new employees and investment are at a  
2 qualified location in a county in Nebraska with a population of one  
3 hundred thousand or greater, and at which the majority of the business  
4 activities conducted are described in subdivision (1)(a) or (1)(n) of  
5 section 77-6818, the taxpayer shall be entitled to a credit equal to four  
6 percent times the average wage of new employees times the number of new  
7 employees. Wages in excess of one million dollars paid to any one  
8 employee during the year shall be excluded from the calculations under  
9 this subdivision; or

10 (iii) If the taxpayer attains a cumulative investment in qualified  
11 property of at least one million dollars and hires at least ten new  
12 employees at the qualified location or locations before the end of the  
13 ramp-up period and the number of new employees and investment are at a  
14 qualified location or locations within one or more counties in Nebraska  
15 that each have a population of less than one hundred thousand, and at  
16 which the majority of the business activities conducted are described in  
17 subdivision (1)(a) or (1)(n) of section 77-6818, the taxpayer shall be  
18 entitled to a credit equal to six percent times the average wage of new  
19 employees times the number of new employees. For purposes of meeting the  
20 ten-employee requirement of this subdivision, the number of new employees  
21 shall be multiplied by two. Wages in excess of one million dollars paid  
22 to any one employee during the year shall be excluded from the  
23 calculations under this subdivision;

24 (b) If a taxpayer hires at least twenty new employees at the  
25 qualified location or locations before the end of the ramp-up period, the  
26 taxpayer shall be entitled to a credit equal to five percent times the  
27 average wage of new employees times the number of new employees if the  
28 average wage of the new employees equals at least one hundred percent of  
29 the Nebraska statewide average hourly wage for the year of application.  
30 The credit shall equal seven percent times the average wage of new  
31 employees times the number of new employees if the average wage of the

1 new employees equals at least one hundred fifty percent of the Nebraska  
2 statewide average hourly wage for the year of application. The credit  
3 shall equal nine percent times the average wage of new employees times  
4 the number of new employees if the average wage of the new employees  
5 equals at least two hundred percent of the Nebraska statewide average  
6 hourly wage for the year of application. Wages in excess of one million  
7 dollars paid to any one employee during the year shall be excluded from  
8 the calculations under this subdivision;

9 (c) If a taxpayer attains a cumulative investment in qualified  
10 property of at least five million dollars and hires at least thirty new  
11 employees at the qualified location or locations before the end of the  
12 ramp-up period, the taxpayer shall be entitled to a credit equal to five  
13 percent times the average wage of new employees times the number of new  
14 employees if the average wage of the new employees equals at least one  
15 hundred percent of the Nebraska statewide average hourly wage for the  
16 year of application. The credit shall equal seven percent times the  
17 average wage of new employees times the number of new employees if the  
18 average wage of the new employees equals at least one hundred fifty  
19 percent of the Nebraska statewide average hourly wage for the year of  
20 application. The credit shall equal nine percent times the average wage  
21 of new employees times the number of new employees if the average wage of  
22 the new employees equals at least two hundred percent of the Nebraska  
23 statewide average hourly wage for the year of application. Wages in  
24 excess of one million dollars paid to any one employee during the year  
25 shall be excluded from the calculations under this subdivision;

26 (d) If a taxpayer attains a cumulative investment in qualified  
27 property of at least two hundred fifty million dollars and hires at least  
28 two hundred fifty new employees at the qualified location or locations  
29 before the end of the ramp-up period, the taxpayer shall be entitled to a  
30 credit equal to seven percent times the average wage of new employees  
31 times the number of new employees if the average wage of the new

1 employees equals at least one hundred fifty percent of the Nebraska  
2 statewide average hourly wage for the year of application. The credit  
3 shall equal nine percent times the average wage of new employees times  
4 the number of new employees if the average wage of the new employees  
5 equals at least two hundred percent of the Nebraska statewide average  
6 hourly wage for the year of application. Wages in excess of one million  
7 dollars paid to any one employee during the year shall be excluded from  
8 the calculations under this subdivision; or

9 (e) If a taxpayer attains a cumulative investment in qualified  
10 property of at least two hundred fifty thousand dollars but less than one  
11 million dollars and hires at least five new employees at the qualified  
12 location or locations before the end of the ramp-up period and the number  
13 of new employees and investment are at a qualified location within an  
14 economic redevelopment area, the taxpayer shall be entitled to a credit  
15 equal to six percent times the average wage of new employees times the  
16 number of new employees if the average wage of the new employees equals  
17 at least seventy percent of the Nebraska statewide average hourly wage  
18 for the year of application. Wages in excess of one million dollars paid  
19 to any one employee during the year shall be excluded from the  
20 calculations under this subdivision. For purposes of this subdivision,  
21 economic redevelopment area means an area in which (i) the average rate  
22 of unemployment in the area during the period covered by the most recent  
23 federal decennial census or American Community Survey 5-Year Estimate is  
24 at least one hundred fifty percent of the average rate of unemployment in  
25 the state during the same period and (ii) the average poverty rate in the  
26 area exceeds twenty percent for the total federal census tract or tracts  
27 or federal census block group or block groups in the area.

28 (5) The taxpayer shall be entitled to one of the following credits  
29 for new investment:

30 (a)(i) If a taxpayer attains a cumulative investment in qualified  
31 property of at least one million dollars and hires at least ten new



1 employees at the qualified location or locations before the end of the  
2 ramp-up period, the taxpayer shall be entitled to a credit equal to four  
3 percent of the investment made in qualified property at the qualified  
4 location or locations;

5 (ii) If the taxpayer attains a cumulative investment in qualified  
6 property of at least one million dollars and hires at least ten new  
7 employees at the qualified location or locations before the end of the  
8 ramp-up period and the number of new employees and investment are at a  
9 qualified location in a county in Nebraska with a population of one  
10 hundred thousand or greater, and at which the majority of the business  
11 activities conducted are described in subdivision (1)(a) or (1)(n) of  
12 section 77-6818, the taxpayer shall be entitled to a credit equal to four  
13 percent of the investment made in qualified property at the qualified  
14 location or locations unless the cumulative investment exceeds ten  
15 million dollars, in which case the taxpayer shall be entitled to a credit  
16 equal to seven percent of the investment made in qualified property at  
17 the qualified location or locations; or

18 (iii) If the taxpayer attains a cumulative investment in qualified  
19 property of at least one million dollars and hires at least ten new  
20 employees at the qualified location or locations before the end of the  
21 ramp-up period and the number of new employees and investment are at a  
22 qualified location or locations within one or more counties in Nebraska  
23 that each have a population of less than one hundred thousand, and at  
24 which the majority of the business activities conducted are described in  
25 subdivision (1)(a) or (1)(n) of section 77-6818, the taxpayer shall be  
26 entitled to a credit equal to four percent of the investment made in  
27 qualified property at the qualified location or locations unless the  
28 cumulative investment exceeds ten million dollars, in which case the  
29 taxpayer shall be entitled to a credit equal to seven percent of the  
30 investment made in qualified property at the qualified location or  
31 locations. For purposes of meeting the ten-employee requirement of this

1 subdivision, the number of new employees shall be multiplied by two;

2 (b) If a taxpayer attains a cumulative investment in qualified  
3 property of at least five million dollars and hires at least thirty new  
4 employees at the qualified location or locations before the end of the  
5 ramp-up period, the taxpayer shall be entitled to a credit equal to seven  
6 percent of the investment made in qualified property at the qualified  
7 location or locations;

8 (c) If a taxpayer attains a cumulative investment in qualified  
9 property of at least two hundred fifty million dollars and hires at least  
10 two hundred fifty new employees at the qualified location or locations  
11 before the end of the ramp-up period, the taxpayer shall be entitled to a  
12 credit equal to seven percent of the investment made in qualified  
13 property at the qualified location or locations; or

14 (d) If a taxpayer attains a cumulative investment in qualified  
15 property of at least two hundred fifty thousand dollars but less than one  
16 million dollars and hires at least five new employees at the qualified  
17 location or locations before the end of the ramp-up period and the number  
18 of new employees and investment are at a qualified location within an  
19 economic redevelopment area, the taxpayer shall be entitled to a credit  
20 equal to four percent of the investment made in qualified property at the  
21 qualified location or locations. For purposes of this subdivision,  
22 economic redevelopment area means an area in which (i) the average rate  
23 of unemployment in the area during the period covered by the most recent  
24 federal decennial census or American Community Survey 5-Year Estimate is  
25 at least one hundred fifty percent of the average rate of unemployment in  
26 the state during the same period and (ii) the average poverty rate in the  
27 area exceeds twenty percent for the total federal census tract or tracts  
28 or federal census block group or block groups in the area.

29 (6)(a) The credit percentages prescribed in subdivisions (4)(a),  
30 (b), (c), and (d) and subdivisions (5)(a), (b), and (c) of this section  
31 shall be increased by one percentage point for wages paid and investments

1 made at qualified locations in an extremely blighted area. For purposes  
2 of this subdivision, extremely blighted area means an area which, before  
3 the end of the ramp-up period, has been declared an extremely blighted  
4 area under section 18-2101.02.

5 (b) The credit percentages prescribed in subsections (4) and (5) of  
6 this section shall be increased by one percentage point if the taxpayer:

7 (i) Is a benefit corporation as defined in section 21-403 and has  
8 been such a corporation for at least one year prior to submitting an  
9 application under the Imagine Nebraska Act; and

10 (ii) Remains a benefit corporation as defined in section 21-403 for  
11 the duration of the taxpayer's agreement under the Imagine Nebraska Act.

12 (c) A taxpayer may, if qualified, receive one or both of the  
13 increases provided in this subsection.

14 (7)(a) The credits prescribed in subsections (4) and (5) of this  
15 section shall be allowable for wages paid and investments made during  
16 each year of the performance period that the taxpayer is at or above the  
17 required levels of employment and investment.

18 (b) The credits prescribed in subsection (5) of this section shall  
19 also be allowable during the first year of the performance period for  
20 investment in qualified property at the qualified location or locations  
21 after the date of the complete application and before the beginning of  
22 the performance period.

23 (8)(a) Property described in subdivision (8)(c) of this section used  
24 at the qualified location or locations, whether purchased or leased, and  
25 placed in service by the taxpayer after the date of the complete  
26 application, shall constitute separate classes of property and are  
27 eligible for exemption under the conditions and for the time periods  
28 provided in subdivision (8)(b) of this section.

29 (b) A taxpayer shall receive the exemption of property in  
30 subdivision (8)(c) of this section if the taxpayer attains one of the  
31 following employment and investment levels: (i) Cumulative investment in

1 qualified property of at least five million dollars and the hiring of at  
2 least thirty new employees at the qualified location or locations before  
3 the end of the ramp-up period; (ii) cumulative investment in qualified  
4 property of at least fifty million dollars at the qualified location or  
5 locations before the end of the ramp-up period, provided the average  
6 compensation of the taxpayer's employees at the qualified location or  
7 locations for the year in which such investment level was attained equals  
8 at least one hundred fifty percent of the Nebraska statewide average  
9 hourly wage for the year of application and the taxpayer offers to its  
10 employees who constitute full-time employees as defined and described in  
11 section 4980H of the Internal Revenue Code of 1986, as amended, and the  
12 regulations for such section, at the qualified location or locations for  
13 the year in which such investment level was attained, the opportunity to  
14 enroll in minimum essential coverage under an eligible employer-sponsored  
15 plan, as those terms are defined and described in section 5000A of the  
16 Internal Revenue Code of 1986, as amended, and the regulations for such  
17 section; or (iii) cumulative investment in qualified property of at least  
18 two hundred fifty million dollars and the hiring of at least two hundred  
19 fifty new employees at the qualified location or locations before the end  
20 of the ramp-up period. Such property shall be eligible for the exemption  
21 from the first January 1 following the end of the year during which the  
22 required levels were exceeded through the ninth December 31 after the  
23 first year property included in subdivision (8)(c) of this section  
24 qualifies for the exemption, except that for a taxpayer who has filed an  
25 application under NAICS code 518210 for Data Processing, Hosting, and  
26 Related Services and who files a separate sequential application for the  
27 same NAICS code for which the ramp-up period begins with the year  
28 immediately after the end of the previous project's performance period or  
29 a taxpayer who has a project qualifying under subdivision (1)(b)(ii) of  
30 section 77-5725 and who files a separate sequential application for NAICS  
31 code 518210 for Data Processing, Hosting, and Related Services for which

1 the ramp-up period begins with the year immediately after the end of the  
2 previous project's entitlement period, such property described in  
3 subdivision (8)(c)(i) of this section shall be eligible for the exemption  
4 from the first January 1 following the placement in service of such  
5 property through the ninth December 31 after the year the first claim for  
6 exemption is approved.

7 (c) The following personal property used at the qualified location  
8 or locations, whether purchased or leased, and placed in service by the  
9 taxpayer after the date of the complete application shall constitute  
10 separate classes of personal property:

11 (i) All personal property that constitutes a data center if the  
12 taxpayer qualifies under subdivision (8)(b)(i) or (8)(b)(ii) of this  
13 section;

14 (ii) Business equipment that is located at a qualified location or  
15 locations and that is involved directly in the manufacture or processing  
16 of agricultural products, including business equipment used primarily for  
17 the capture and compression of carbon dioxide, the manufacturing of  
18 liquid fertilizer or any other chemical applied to agricultural crops, or  
19 the manufacturing of any liquid additive for a farm vehicle fuel if the  
20 taxpayer qualifies under subdivision (8)(b)(i) or (8)(b)(ii) of this  
21 section; or

22 (iii) All personal property if the taxpayer qualifies under  
23 subdivision (8)(b)(iii) of this section.

24 (d) In order to receive the property tax exemptions allowed by  
25 subdivision (8)(c) of this section, the taxpayer shall annually file a  
26 claim for exemption with the Tax Commissioner on or before May 1. The  
27 form and supporting schedules shall be prescribed by the Tax Commissioner  
28 and shall list all property for which exemption is being sought under  
29 this section. A separate claim for exemption must be filed for each  
30 agreement and each county in which property is claimed to be exempt. A  
31 copy of this form must also be filed with the county assessor in each

1 county in which the applicant is requesting exemption. The Tax  
2 Commissioner shall determine whether a taxpayer is eligible to obtain  
3 exemption for personal property based on the criteria for exemption and  
4 the eligibility of each item listed for exemption and, on or before  
5 August 1, certify such determination to the taxpayer and to the affected  
6 county assessor.

7 (9) The taxpayer shall, on or before the receipt or use of any  
8 incentives under this section, pay to the director a fee of one-half  
9 percent of such incentives, except for the exemption on personal  
10 property, for administering the Imagine Nebraska Act, except that the fee  
11 on any sales tax exemption may be paid by the taxpayer with the filing of  
12 its sales and use tax return. Such fee may be paid by direct payment to  
13 the director or through withholding of available refunds. A credit shall  
14 be allowed against such fee for the amount of the fee paid with the  
15 application. All fees collected under this subsection shall be remitted  
16 to the State Treasurer for credit to the Imagine Nebraska Cash Fund,  
17 which fund is hereby created. The fund shall consist of fees credited  
18 under this subsection and any other money appropriated to the fund by the  
19 Legislature. The fund shall be administered by the Department of Economic  
20 Development and shall be used for administration of the Imagine Nebraska  
21 Act. Any money in the fund available for investment shall be invested by  
22 the state investment officer pursuant to the Nebraska Capital Expansion  
23 Act and the Nebraska State Funds Investment Act.

24 **Sec. 20.** Section 77-6832, Revised Statutes Cumulative Supplement,  
25 2024, is amended to read:

26 77-6832 (1)(a) The credits prescribed in section 77-6831 for a year  
27 shall be established by filing the forms required by the Tax Commissioner  
28 with the income tax return for the taxable year which includes the end of  
29 the year the credits were earned. The credits may be used and shall be  
30 applied in the order in which they were first allowable under the Imagine  
31 Nebraska Act. To the extent the taxpayer has credits under the Nebraska

1 Advantage Act or the Employment and Investment Growth Act still available  
2 for use in a year or years which overlap the performance period or  
3 carryover period of the Imagine Nebraska Act, the credits may be used and  
4 shall be applied in the order in which they were first allowable, and  
5 when there are credits of the same age, the older tax incentive program's  
6 credits shall be applied first. The credits may be used after any other  
7 nonrefundable credits to reduce the taxpayer's income tax liability  
8 imposed by sections 77-2714 to 77-27,135. Credits may be used beginning  
9 with the taxable year which includes December 31 of the year the required  
10 minimum levels were reached. The last year for which credits may be used  
11 is the taxable year which includes December 31 of the last year of the  
12 carryover period. Any decision on how part of the credit is applied shall  
13 not limit how the remaining credit could be applied under this section.

14 (b) The taxpayer may use the credit provided in subsection (4) of  
15 section 77-6831 (i) to reduce the taxpayer's income tax withholding  
16 employer or payor tax liability under section 77-2756 or 77-2757, to the  
17 extent such liability is attributable to the number of new employees  
18 employed at the qualified location or locations, excluding any wages in  
19 excess of one million dollars paid to any one employee during the year or  
20 (ii) to reduce a qualified employee leasing company's income tax  
21 withholding employer or payor tax liability under section 77-2756 or  
22 77-2757, when the taxpayer is the client-lessee of such company, to the  
23 extent such liability is attributable to the number of new employees  
24 performing services for such client-lessee at the qualified location or  
25 locations, excluding any wages in excess of one million dollars paid to  
26 any one employee during the year. To the extent of the credit used, such  
27 withholding shall not constitute public funds or state tax revenue and  
28 shall not constitute a trust fund or be owned by the state. The use by  
29 the taxpayer or the qualified employee leasing company of the credit  
30 shall not change the amount that otherwise would be reported by the  
31 taxpayer, or such qualified employee leasing company, to the employee

1 under section 77-2754 as income tax withheld and shall not reduce the  
2 amount that otherwise would be allowed by the state as a refundable  
3 credit on an employee's income tax return as income tax withheld under  
4 section 77-2755. The amount of credits used against income tax  
5 withholding shall not exceed the withholding attributable to the number  
6 of new employees employed at the qualified location or locations or, for  
7 a qualified employee leasing company, the number of new employees  
8 performing services for the applicable client-lessee at the qualified  
9 location or locations, excluding any wages in excess of one million  
10 dollars paid to any one employee during the year. If the amount of credit  
11 used by the taxpayer or the qualified employee leasing company against  
12 income tax withholding exceeds such amount, the excess withholding shall  
13 be returned to the Department of Revenue in the manner provided in  
14 section 77-2756, such excess amount returned shall be considered unused,  
15 and the amount of unused credits may be used as otherwise permitted in  
16 this section or shall carry over to the extent authorized in subdivision  
17 (1)(g) of this section.

18 (c) Credits may be used to obtain a refund of sales and use taxes  
19 under the Local Option Revenue Act, the Nebraska Revenue Act of 1967, the  
20 Qualified Judgment Payment Act, the County Sales and Use Tax Act, and  
21 sections 13-319, 13-324, and 13-2813 that are not subject to direct  
22 refund under section 77-6831 and that are paid on purchases, including  
23 rentals, for use at a qualified location.

24 (d) The credits provided in subsections (4) and (5) of section  
25 77-6831 may be used to repay a loan for job training or infrastructure  
26 development as provided in section 77-6841.

27 (e) Credits may be used to obtain a payment from the state equal to  
28 the amount which the taxpayer demonstrates to the director was paid by  
29 the taxpayer after the date of the complete application for job training  
30 and talent recruitment of employees who qualify in the number of new  
31 employees, to the extent that proceeds from a loan described in section



1 77-6841 were not used to make such payments. For purposes of this  
2 subdivision:

3 (i) Job training means training for a prospective or new employee  
4 that is provided after the date of the complete application by a Nebraska  
5 nonprofit college or university, a Nebraska public or private secondary  
6 school, a Nebraska educational service unit, or a company that is not a  
7 member of the taxpayer's unitary group or a related person to the  
8 taxpayer; and

9 (ii) Talent recruitment means talent recruitment activities that  
10 result in a newly recruited employee who is hired by the taxpayer after  
11 the date of the complete application and who is paid compensation during  
12 the year of hire at a rate equal to at least one hundred percent of the  
13 Nebraska statewide average hourly wage for the year of application,  
14 including marketing, relocation expenses, and search-firm fees. Talent  
15 recruitment payments that may be reimbursed include, without limitation,  
16 payment by the taxpayer, without repayment by the employee, of an  
17 employee's student loans, an employee's tuition, and an employee's  
18 downpayment on a primary residence in Nebraska. Talent recruitment  
19 payments that may be reimbursed shall not include payments for the  
20 recruitment of a person who constitutes a related person to the taxpayer  
21 when the taxpayer is an individual or recruitment of a person who  
22 constitutes a related person to an owner of the taxpayer when the  
23 taxpayer is a partnership, a limited liability company, or a subchapter S  
24 corporation.

25 (f) The credits provided in subsections (4) and (5) of section  
26 77-6831 may be used to obtain a payment from the state equal to the  
27 amount which the taxpayer demonstrates to the director was paid for  
28 taxpayer-sponsored child care at the qualified location or locations  
29 during the performance period and the carryover period.

30 (g) Credits may be carried over until fully utilized through the end  
31 of the carryover period.

1           (2)(a) No refund claims shall be filed until after the required  
2 levels of employment and investment have been met.

3           (b) Refund claims shall be filed no more than once each quarter for  
4 refunds under the Imagine Nebraska Act, except that any claim for a  
5 refund in excess of twenty-five thousand dollars may be filed at any  
6 time.

7           (c) Refund claims for materials purchased by a purchasing agent  
8 shall include:

9           (i) A copy of the purchasing agent appointment;

10          (ii) The contract price; and

11          (iii)(A) For refunds under subdivision (2)(a)(iii) or (2)(a)(v) of  
12 section 77-6831, a certification by the contractor or repairperson of the  
13 percentage of the materials incorporated into or annexed to the qualified  
14 location on which sales and use taxes were paid to Nebraska after  
15 appointment as purchasing agent; or

16          (B) For refunds under subdivision (2)(a)(iv) of section 77-6831, a  
17 certification by the contractor or repairperson of the percentage of the  
18 contract price that represents the cost of materials annexed to the  
19 qualified location and the percentage of the materials annexed to the  
20 qualified location on which sales and use taxes were paid to Nebraska  
21 after appointment as purchasing agent.

22          (d) All refund claims shall be filed, processed, and allowed as any  
23 other claim under section 77-2708, except that the amounts allowed to be  
24 refunded under the Imagine Nebraska Act shall be deemed to be  
25 overpayments and shall be refunded notwithstanding any limitation in  
26 subdivision (2)(a) of section 77-2708. The refund may be allowed if the  
27 claim is filed within three years from the end of the year the required  
28 levels of employment and investment are met or within the period set  
29 forth in section 77-2708. Refunds shall be paid by the Tax Commissioner  
30 within one hundred eighty days after receipt of the refund claim. Such  
31 payments shall be subject to later recovery by the Tax Commissioner upon

1 audit.

2 (e) If a claim for a refund of sales and use taxes under the Local  
3 Option Revenue Act, the Qualified Judgment Payment Act, the County Sales  
4 and Use Tax Act, or sections 13-319, 13-324, and 13-2813 of more than  
5 twenty-five thousand dollars is filed by June 15 of a given year, the  
6 refund shall be made on or after November 15 of the same year. If such a  
7 claim is filed on or after June 16 of a given year, the refund shall not  
8 be made until on or after November 15 of the following year. The Tax  
9 Commissioner shall notify the affected city, village, county, or  
10 municipal county of the amount of refund claims of sales and use taxes  
11 under the Local Option Revenue Act, the Qualified Judgment Payment Act,  
12 the County Sales and Use Tax Act, or sections 13-319, 13-324, and 13-2813  
13 that are in excess of twenty-five thousand dollars on or before July 1 of  
14 the year before the claims will be paid under this section.

15 (f) For refunds of sales and use taxes under the Local Option  
16 Revenue Act, the deductions made by the Tax Commissioner for such refunds  
17 shall be delayed in accordance with section 77-27,144.

18 (g) Interest shall not be allowed on any taxes refunded under the  
19 Imagine Nebraska Act.

20 (3) The appointment of purchasing agents shall be recognized for the  
21 purpose of changing the status of a contractor or repairperson as the  
22 ultimate consumer of tangible personal property purchased after the date  
23 of the appointment which is physically incorporated into or annexed at a  
24 qualified location and becomes the property of the owner of the  
25 improvement to real estate or the taxpayer. The purchasing agent shall be  
26 jointly liable for the payment of the sales and use tax on the purchases  
27 with the owner of the property.

28 (4) The determination of whether the application is complete,  
29 whether a location is a qualified location, and whether to approve the  
30 application and sign the agreement shall be made by the director. All  
31 other interpretations of the Imagine Nebraska Act shall be made by the

1 Tax Commissioner. The Commissioner of Labor shall provide the director  
2 with such information as the Department of Labor regularly receives with  
3 respect to the taxpayer which the director requests from the Commissioner  
4 of Labor in order to fulfill the director's duties under the act. The  
5 director shall use such information to achieve efficiency in the  
6 administration of the act.

7 (5) Once the director and the taxpayer have signed the agreement  
8 under section 77-6828, the taxpayer, and its owners or members where  
9 applicable, may report and claim and shall receive all incentives allowed  
10 by the Imagine Nebraska Act, subject to the base authority limitations  
11 provided in section 77-6839, without waiting for a determination by the  
12 director or the Tax Commissioner or other taxing authority that the  
13 taxpayer has met the required employment and investment levels or  
14 otherwise qualifies, has qualified, or continues to qualify for such  
15 incentives, provided that the tax return or claim has been signed by an  
16 owner, member, manager, or officer of the taxpayer who declares under  
17 penalties of perjury that he or she has examined the tax return or claim,  
18 including accompanying schedules and statements, and to the best of his  
19 or her knowledge and belief (a) the tax return or claim is correct and  
20 complete in all material respects, (b) payment of the claim has not been  
21 previously made by the state to the taxpayer, and (c) with respect to  
22 sales or use tax refund claims, the taxpayer has not claimed or received  
23 a refund of such tax from a retailer. The payment or allowance of such a  
24 claim shall not prevent the director or the Tax Commissioner or other  
25 taxing authority from recovering such payment, exemption, or allowance,  
26 within the normal period provided by law, subject to normal appeal rights  
27 of a taxpayer, if the director or Tax Commissioner or other taxing  
28 authority determines upon review or audit that the taxpayer did not  
29 qualify for such incentive or exemption.

30 (6) An audit of employment and investment thresholds and incentive  
31 amounts shall be made by the Tax Commissioner to the extent and in the

1 manner determined by the Tax Commissioner. Upon request by the director  
2 or the Tax Commissioner, the Commissioner of Labor shall report to the  
3 director and the Tax Commissioner the employment data regularly reported  
4 to the Department of Labor relating to number of employees and wages paid  
5 for each taxpayer. The director and Tax Commissioner, to the extent they  
6 determine appropriate, shall use such information to achieve efficiency  
7 in the administration of the Imagine Nebraska Act. The Tax Commissioner  
8 may recover any refund or part thereof which is erroneously made and any  
9 credit or part thereof which is erroneously allowed by issuing a  
10 deficiency determination within three years from the date of refund or  
11 credit or within the period otherwise allowed for issuing a deficiency  
12 determination, whichever expires later. The director shall not enter into  
13 an agreement with any taxpayer unless the taxpayer agrees to  
14 electronically verify the work eligibility status of all newly hired  
15 employees employed in Nebraska within ninety days after the date of hire.  
16 For purposes of calculating any tax incentive under the act, the hours  
17 worked and compensation paid to an employee who has not been  
18 electronically verified or who is not eligible to work in Nebraska shall  
19 be excluded.

20 (7) A determination by the director that a location is not a  
21 qualified location or a determination by the Tax Commissioner that a  
22 taxpayer has failed to meet or maintain the required levels of employment  
23 or investment for incentives, exemptions, or recapture, or does not  
24 otherwise qualify for incentives or exemptions, may be protested by the  
25 taxpayer to the Tax Commissioner within sixty days after the mailing to  
26 the taxpayer of the written notice of the proposed determination by the  
27 director or the Tax Commissioner, as applicable. If the notice of  
28 proposed determination is not protested in writing by the taxpayer within  
29 the sixty-day period, the proposed determination is a final  
30 determination. If the notice is protested, the Tax Commissioner, after a  
31 formal hearing by the Tax Commissioner or by an independent hearing

1 officer appointed by the Tax Commissioner, if requested by the taxpayer  
2 in such protest, shall issue a written order resolving such protest. The  
3 written order of the Tax Commissioner resolving a protest may be appealed  
4 to the district court of Lancaster County in accordance with the  
5 Administrative Procedure Act within thirty days after the issuance of the  
6 order.

7 **Sec. 21.** Section 77-6922, Revised Statutes Cumulative Supplement,  
8 2024, is amended to read:

9 77-6922 (1) The credits allowed under section 77-6920 may be used:

10 (a) To obtain a refund of sales and use taxes paid under the Local  
11 Option Revenue Act, the Nebraska Revenue Act of 1967, the Qualified  
12 Judgment Payment Act, the County Sales and Use Tax Act, and sections  
13 13-319, 13-324, and 13-2813;

14 (b) As a refundable income tax credit claimed on an income tax  
15 return of the taxpayer. The return need not reflect any income tax  
16 liability owed by the taxpayer;

17 (c) To reduce the taxpayer's income tax withholding employer or  
18 payor tax liability under section 77-2756 or 77-2757. To the extent of  
19 the credit used, such withholding shall not constitute public funds or  
20 state tax revenue and shall not constitute a trust fund or be owned by  
21 the state. The use by the taxpayer of the credit shall not change the  
22 amount that otherwise would be reported by the taxpayer to the employee  
23 under section 77-2754 as income tax withheld and shall not reduce the  
24 amount that otherwise would be allowed by the state as a refundable  
25 credit on an employee's income tax return as income tax withheld under  
26 section 77-2755. The amount of credits used against income tax  
27 withholding shall not exceed the withholding attributable to the number  
28 of new equivalent employees employed by the taxpayer. If the amount of  
29 credit used by the taxpayer against income tax withholding exceeds such  
30 amount, the excess withholding shall be returned to the Department of  
31 Revenue in the manner provided in section 77-2756, such excess amount

1 returned shall be considered unused, and the amount of unused credits may  
2 be used as otherwise permitted in this section; and

3 (d) To obtain a payment from the state equal to the real property  
4 taxes due after the year the required levels of employment and investment  
5 were met, for real property at a qualified location that is acquired by  
6 the taxpayer after the date the application was filed. The payment from  
7 the state shall be made only after payment of the real property taxes  
8 have been made to the county as required by law. Payments shall not be  
9 allowed for any taxes paid on real property for which the taxes are  
10 divided under section 18-2147 or 58-507.

11 (2) A claim for the credit may be filed quarterly for refund of the  
12 sales and use taxes paid, either directly or indirectly, after the filing  
13 of the income tax return for the taxable year in which the credit was  
14 first allowed.

15 (3) Once the taxpayer attains the required levels of employment and  
16 investment, the taxpayer shall be entitled to a refund of all sales and  
17 use taxes paid, either directly or indirectly, under the Local Option  
18 Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment  
19 Payment Act, the County Sales and Use Tax Act, and sections 13-319,  
20 13-324, and 13-2813 on the qualifying investment.

21 (4) For purposes of subsections (2) and (3) of this section, the  
22 taxpayer shall be deemed to have paid indirectly any sales or use taxes  
23 paid by a contractor with a purchasing agent agreement on building  
24 materials annexed to an improvement to real estate built for the  
25 taxpayer. The contractor shall certify to the taxpayer the amount of the  
26 sales and use taxes paid on the building materials, or the taxpayer, with  
27 the permission of the Director of Economic Development and a  
28 certification from the contractor that sales and use taxes were paid on  
29 all building materials, may presume that fifty percent of the cost of the  
30 improvement was for building materials annexed to real estate on which  
31 the tax was paid.

1           (5) Credits distributed to a partner, limited liability company  
2 member, shareholder, or beneficiary under section 77-6925 may be used  
3 against the income tax liability of the partner, member, shareholder, or  
4 beneficiary receiving the credits.

5           **Sec. 22.** Original section 13-319, Reissue Revised Statutes of  
6 Nebraska, and sections 39-2510, 39-2520, 77-2004, 77-2005, 77-2006,  
7 77-2703.01, 77-2703.04, 77-2704.31, 77-2708, 77-2711, 77-2712.05,  
8 77-5725, 77-5726, 77-6831, 77-6832, and 77-6922, Revised Statutes  
9 Cumulative Supplement, 2024, are repealed.