

ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025
COMMITTEE STATEMENT
LB169

Hearing Date: Thursday March 13, 2025
Committee On: Revenue
Introducer: Brandt
One Liner: Eliminate certain sales and use tax exemptions and impose sales and use tax on certain services

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	7	Senators von Gillern, Bostar, Ibach, Jacobson, Kauth, Murman, Sorrentino
Nay:	1	Senator Dungan
Absent:		
Present Not Voting:		

Testimony:

Proponents:

Senator Tom Brandt
Bruce Rieker

Representing:

Opening Presenter
Ag Leaders Working Group

Opponents:

Heather Schmidt
Siobhan Kozisek
Stacy Spale

William Barstow
Josephine Litwinowicz
Stuart L. Fox
Jeff Karls
Luis R. Padilla, DVM

Representing:

Self
Self
International Interior Design Association, American Society of Interior Designers, National Kitchen and Bath Association
ACX Cinemas
Higher Power Church
Fox Theaters
Quasar Drive-In Theater
Omaha's Henry Doorly Zoo and Aquarium, Lee G. Simmons Wildlife Safari Park
Nebraska Golf Alliance
Nebraska Golf Alliance
Alliance of Professional Tattooists
Nebraska Broadcasters Association
Self, Rawhide Tattoo Studio
Nuclear Ink Custom Tattoo, Alliance of Professional Tattooists, Association of Food and Drug Officials (Body Art Committee)
Nebraska Telecommunications Association
Nebraska Chamber of Commerce & Industry, Greater

Amber Bogle
Connor Farrell
Tyson Schaffert
Jim Timm
MacKenzie Mercer
Jesse Neese

Tip O'Neill
Bryan Slone



Ryan McIntosh
Tim Hruza

Omaha Chamber, The Lincoln Chamber
National Federation of Independent Business
Lincoln Children's Zoo

Neutral:

Nicole Fox
John Fox
Andy Dobel

Representing:

Platte Institute
American Amusement, Bankshot
Greater America Distributing

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 169 would amend sections in Chapter 77 of the Neb. Rev. Stats. to eliminate several sales and use tax exemptions and impose sales and use taxes on certain services.

Section-by-Section Summary:

Section 1. Amends Neb. Rev. Stat. § 77-382 to harmonize provisions regarding a required tax expenditure report by the Department of Revenue with changes made to statutes in other sections of this bill.

Section 2. Amends Neb. Rev. Stat. § 77-2701.16 to redefine gross receipts to remove exemptions for the following items: conference bridging services; interstate telecommunication and telegraph services; veterinary services and animal grooming performed in conjunction with medical treatment; provision of chartered flights; clothes cleaning except exemptions under section 77-2704.14 (laundromat services); dating services; hair care and hair removal services except haircuts; interior design and decorating services; lobbying services; local passenger transportation by chartered road vehicles, including limousines and similar luxury vehicles; marketing and telemarketing services; massage services; nail care services; personal instruction services for dance, tennis, and golf; sightseeing services by ground vehicles; skin care services; swimming pool cleaning and maintenance services; tattoo and body modification services; telefloral delivery services, as defined; travel agency services; and weight loss services.

Section 3. Amends Neb. Rev. Stat. § 77-3005 to add sales and use taxes to those taxes allowed on mechanical amusement devices.

Section 4. Operative Date of October 1, 2025.

Section 5. Repealer.

Section 6. Outright repealer that repeals sections providing a sales and use tax exemption on the following: videotape and film rentals and satellite programming and service; purchase of certain property or fine art by a museum; purchases by a historic automobile museum; and zoo or aquarium memberships and admissions.

Explanation of amendments:

AM 965 replaces the original bill. See below for the changes from the original bill:

Section 1. Amends Neb. Rev. Stat. § 77-382 to harmonize provisions regarding a required tax expenditure report by the Department of Revenue with changes made to the statutes contained in other sections of AM 965.

Section 2. The original Section 2 (Neb. Rev. Stat. § 77-2701.16) has been moved to Section 3, and Section 2 now



amends Neb. Rev. Stat. § 77-2602 to bifurcate the cigarette tax into cigarettes intended to be burned and cigarettes intended to be heated; increases the "burned" cigarette tax from sixty-four cents (\$0.64) to one dollar and thirty-six cents (\$1.36) per package of not more than twenty cigarettes, and a per cigarette tax of each cigarette over twenty in pack of one-twentieth of one dollar and thirty-six cents; establishes a new tax on "heated" cigarettes of thirty-two cents (\$0.32) per package of not more than twenty, and a per cigarette tax of each cigarette over twenty in a pack of one-twentieth of thirty-two cents; increases the allocation of the "burned" cigarette tax to the General Fund from forty-nine cents (\$0.49) to one dollar and eighteen cents (\$1.18); increases the allocation of the "burned" cigarette tax to the Health and Human Services Cash Fund from three cents (\$0.03) to six cents (\$0.06); and allocates all revenue raised under the new "heated" cigarette tax to the General Fund. All allocation increases are effective beginning July 1, 2025.

Section 3. The original section 3 amending Neb. Rev. Stat. 77-3005 has been removed, and therefore no provision is being made now for imposing sales and use tax on mechanical amusement devices. Section 3 now amends Neb. Rev. Stat. § 77-2701.16, and alters the original LB169 version of such section by removing the following from the list of services to be no longer exempt from sales and use tax:

- a) conference bridging services;
- b) hair care and hair removal services;
- c) interstate telecommunications and telegraph services;
- d) veterinary services of all kinds (divides animal grooming between agricultural uses (not taxed) and other animal grooming services (taxed);
- e) massage services, skin care services, tattoo and body modification services, and weight loss services all done in the course of medical treatment provided by a licensed professional; and
- f) marketing.

Section 4. The original section 4 was an operative date section. The operative dates section has been moved to Section 5. New Section 4 amends Neb. Rev. Stat. § 81-638 to increase the allocation from the Health and Human Services Cash Fund to the Department of Health and Human Services from the "burned" cigarette tax from one cent (\$0.01) to two cents (\$0.02) for specific cancer and smoking disease research and grants listed in Sections 81-642 to 81-650. This section also increases allocation from the Health and Human Services Cash Fund to the Department of Health and Human Services specifically for research on cancer and smoking diseases from two cents (\$0.02) to four cents (\$0.04).

Section 5. Operative dates. Section 2, 4, and 6 of this act become operative on July 1, 2025. Sections 1, 3, and 7 of this act become operative on October 1, 2025. All remaining sections become operative on the emergency clause date.

Section 6. Repealer.

Section 7. Repealer.

Section 8. Emergency Clause.

Note: The original Section 6 was an outright repealer, and there is no outright repealer in the amendment. Sales and use tax exemptions repealed under original Section 6 that are no longer being outright repealed remain effective.



