

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1244

Introduced by Murman, 38; at the request of the Governor.

Read first time January 21, 2026

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
2 77-2701.47, Reissue Revised Statutes of Nebraska, sections 77-382,
3 77-2704.36, 77-2912, and 77-3005, Revised Statutes Cumulative
4 Supplement, 2024, and sections 77-2701.16 and 77-2716, Revised
5 Statutes Supplement, 2025; to eliminate certain sales and use tax
6 exemptions and impose sales and use taxes on certain services; to
7 change the Mechanical Amusement Device Tax Act and the Tax
8 Expenditure Reporting Act as prescribed; to change provisions
9 relating to the Nebraska Job Creation and Mainstreet Revitalization
10 Act; to harmonize provisions; to provide an operative date; to
11 repeal the original sections; to outright repeal sections
12 77-2704.55, 77-2704.60, and 77-2704.67, Reissue Revised Statutes of
13 Nebraska, and section 77-2704.66, Revised Statutes Cumulative
14 Supplement, 2024; and to declare an emergency.
15 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 77-382, Revised Statutes Cumulative Supplement,
2 2024, is amended to read:

3 77-382 (1) The department shall prepare a tax expenditure report
4 describing (a) the basic provisions of the Nebraska tax laws, (b) the
5 actual or estimated revenue loss caused by the exemptions, deductions,
6 exclusions, deferrals, credits, and preferential rates in effect on July
7 1 of each year and allowed under Nebraska's tax structure and in the
8 property tax, (c) the actual or estimated revenue loss caused by failure
9 to impose sales and use tax on services purchased for nonbusiness use,
10 and (d) the elements which make up the tax base for state and local
11 income, including income, sales and use, property, and miscellaneous
12 taxes.

13 (2) The department shall review the major tax exemptions for which
14 state general funds are used to reduce the impact of revenue lost due to
15 a tax expenditure. The report shall indicate an estimate of the amount of
16 the reduction in revenue resulting from the operation of all tax
17 expenditures. The report shall list each tax expenditure relating to
18 sales and use tax under the following categories:

19 (a) Agriculture, which shall include a separate listing for the
20 following items: Agricultural machinery; agricultural chemicals; seeds
21 sold to commercial producers; water for irrigation and manufacturing;
22 commercial artificial insemination; ~~mineral oil as dust suppressant;~~
23 animal specialty services and veterinary services performed on livestock
24 as defined in section 54-183 grooming; oxygen for use in aquaculture;
25 animal life whose products constitute food for human consumption; and
26 grains;

27 (b) Business across state lines, which shall include a separate
28 listing for the following items: Property shipped out-of-state;
29 fabrication labor for items to be shipped out-of-state; property to be
30 transported out-of-state; property purchased in other states to be used
31 in Nebraska; aircraft delivery to an out-of-state resident or business;

1 state reciprocal agreements for industrial machinery; and property taxed
2 in another state;

3 (c) Common carrier and logistics, which shall include a separate
4 listing for the following items: ~~Common Railroad rolling stock and repair~~
5 ~~parts and services; common or contract carriers and repair parts and~~
6 ~~services; common or contract carrier accessories ; and common or contract~~
7 carrier safety equipment;

8 (d) Consumer goods, which shall include a separate listing for the
9 following items: Motor vehicles and motorboat trade-ins; merchandise
10 trade-ins; certain medical equipment and medicine; newspapers;
11 laundromats; ~~telefloral deliveries~~; motor vehicle discounts for the
12 disabled; and political campaign fundraisers;

13 (e) Energy, which shall include a separate listing for the following
14 items: Motor fuels; energy used in industry; energy used in agriculture;
15 aviation fuel; and minerals, oil, and gas severed from real property;

16 (f) Food, which shall include a separate listing for the following
17 items: Food for home consumption; Supplemental Nutrition Assistance
18 Program; school lunches; meals sold by hospitals; meals sold by
19 institutions at a flat rate; food for the elderly, handicapped, and
20 Supplemental Security Income recipients; and meals sold by churches;

21 (g) General business, which shall include a separate listing for the
22 following items: Component and ingredient parts; manufacturing machinery;
23 containers; film rentals; ~~molds and dies~~; syndicated programming;
24 intercompany sales; intercompany leases; sale of a business or farm
25 machinery; and transfer of property in a change of business ownership;

26 (h) Lodging and shelter, which shall include a separate listing for
27 the following item: Room rentals by certain institutions;

28 (i) Miscellaneous, which shall include a separate listing for the
29 following items: Cash discounts and coupons; separately stated finance
30 charges; casual sales; lease-to-purchase agreements; and separately
31 stated taxes;

1 (j) Nonprofits, governments, and exempt entities, which shall
2 include a separate listing for the following items: Purchases by
3 political subdivisions of the state; purchases by churches and nonprofit
4 colleges and medical facilities; purchasing agents for public real estate
5 construction improvements; contractor as purchasing agent for public
6 agencies; Nebraska lottery; admissions to school events; sales on Native
7 American Indian reservations; school-supporting fundraisers; fine art
8 purchases by a museum; purchases by the Nebraska State Fair Board;
9 purchases by the Nebraska Investment Finance Authority and ~~licensees of~~
10 ~~the State Racing and Gaming Commission~~; purchases by the United States
11 Government; public records; and sales by religious organizations;

12 (k) Recent sales tax expenditures, which shall include a separate
13 listing for each sales tax expenditure created by statute or rule and
14 regulation after July 19, 2012;

15 (l) Services purchased for nonbusiness use, which shall include a
16 separate listing for each such service, including, but not limited to,
17 the following items: ~~Cleaning Motor vehicle cleaning, maintenance, and~~
18 ~~repair services; cleaning and repair of clothing; cleaning, maintenance,~~
19 and repair of other tangible personal property; maintenance, painting,
20 and repair of real property; entertainment admissions; ~~hair care and hair~~
21 ~~removal services personal care services; lawn care, gardening, and~~
22 ~~landscaping services; pet related services; storage and moving services;~~
23 household utilities; other personal services; taxi, limousine, and other
24 ~~transportation services; legal services; accounting services; veterinary~~
25 ~~services; other professional services; and other real estate services;~~
26 and

27 (m) Telecommunications, which shall include a separate listing for
28 the following items: ~~Prepaid Telecommunications access charges; prepaid~~
29 ~~calling arrangements ; conference bridging services; and nonvoice data~~
30 services.

31 (3) It is the intent of the Legislature that nothing in the Tax

1 Expenditure Reporting Act shall cause the valuation or assessment of any
2 property exempt from taxation on the basis of its use exclusively for
3 religious, educational, or charitable purposes.

4 **Sec. 2.** Section 77-2701.16, Revised Statutes Supplement, 2025, is
5 amended to read:

6 77-2701.16 (1) Gross receipts means the total amount of the sale or
7 lease or rental price, as the case may be, of the retail sales of
8 retailers.

9 (2) Gross receipts of every person engaged as a public utility
10 specified in this subsection, as a community antenna television service
11 operator, or as a satellite service operator or any person involved in
12 connecting and installing services defined in subdivision (2)(a), (b), or
13 (d) of this section means:

14 (a)(i) In the furnishing of telephone communication service, other
15 than mobile telecommunications service as described in section
16 77-2703.04, the gross income received from furnishing ancillary services,
17 except for conference bridging services, and intrastate
18 telecommunications services, except for value-added, nonvoice data
19 service.

20 (ii) In the furnishing of mobile telecommunications service as
21 described in section 77-2703.04, the gross income received from
22 furnishing mobile telecommunications service that originates and
23 terminates in the same state to a customer with a place of primary use in
24 Nebraska;

25 (b) In the furnishing of telegraph service, the gross income
26 received from the furnishing of intrastate telegraph services;

27 (c)(i) In the furnishing of gas, sewer, water, and electricity
28 service, other than electricity service to a customer-generator as
29 defined in section 70-2002, the gross income received from the furnishing
30 of such services upon billings or statements rendered to consumers for
31 such utility services.

1 (ii) In the furnishing of electricity service to a customer-
2 generator as defined in section 70-2002, the net energy use upon billings
3 or statements rendered to customer-generators for such electricity
4 service;

5 (d) In the furnishing of community antenna television service or
6 satellite service, the gross income received from the furnishing of such
7 community antenna television service as regulated under sections 18-2201
8 to 18-2205 or 23-383 to 23-388 or satellite service; and

9 (e) The gross income received from the provision, installation,
10 construction, servicing, or removal of property used in conjunction with
11 the furnishing, installing, or connecting of any public utility services
12 specified in subdivision (2)(a) or (b) of this section or community
13 antenna television service or satellite service specified in subdivision
14 (2)(d) of this section, except when acting as a subcontractor for a
15 public utility, this subdivision does not apply to the gross income
16 received by a contractor electing to be treated as a consumer of building
17 materials under subdivision (2) or (3) of section 77-2701.10 for any such
18 services performed on the customer's side of the utility demarcation
19 point. This subdivision also does not apply to:

20 (i) The gross income received by a political subdivision of the
21 state, an electric cooperative, or an electric membership association for
22 the lease or use of, or by a contractor for the construction of or
23 services provided on, electric generation, transmission, distribution, or
24 street lighting structures or facilities owned by a political subdivision
25 of the state, an electric cooperative, or an electric membership
26 association; or

27 (ii) The gross income received for the lease or use of towers or
28 other structures and equipment, including antennas and studio transmitter
29 link systems, primarily used in conjunction with the furnishing of (A)
30 Internet access services, (B) agricultural global positioning system
31 locating services, or (C) over-the-air radio and television broadcasting

1 via radio and television broadcast stations licensed by the Federal
2 Communications Commission. For purposes of this subdivision, studio
3 transmitter link system means a radiofrequency apparatus which serves as
4 a conduit to deliver station programming content from its origin in a
5 studio to a broadcast transmitter and antenna.

6 (3) Gross receipts of every person engaged in selling, leasing, or
7 otherwise providing intellectual or entertainment property means:

8 (a) In the furnishing of computer software, the gross income
9 received, including the charges for coding, punching, or otherwise
10 producing any computer software and the charges for the tapes, disks,
11 punched cards, or other properties furnished by the seller; and

12 (b) In the furnishing of videotapes, movie film, satellite
13 programming, satellite programming service, and satellite television
14 signal descrambling or decoding devices, the gross income received from
15 the license, franchise, or other method establishing the charge.

16 (4) Gross receipts for providing a service means:

17 (a) The gross income received for building cleaning and maintenance,
18 pest control, and security;

19 (b) The gross income received for motor vehicle washing, waxing,
20 towing, and painting;

21 (c) The gross income received for computer software training;

22 (d) The gross income received for installing and applying tangible
23 personal property if the sale of the property is subject to tax. If any
24 or all of the charge for installation is free to the customer and is paid
25 by a third-party service provider to the installer, any tax due on that
26 part of the activation commission, finder's fee, installation charge, or
27 similar payment made by the third-party service provider shall be paid
28 and remitted by the third-party service provider;

29 (e) The gross income received for services of recreational vehicle
30 parks;

31 (f) The gross income received for labor for repair or maintenance

1 services performed with regard to tangible personal property the sale of
2 which would be subject to sales and use taxes, excluding motor vehicles,
3 except as otherwise provided in section 77-2704.26 or 77-2704.50;

4 (g) The gross income received for animal specialty services and
5 animal grooming services except (i) veterinary services and, (ii)
6 specialty services or animal grooming services performed on livestock as
7 defined in section 54-183, and (iii) animal grooming performed by a
8 licensed veterinarian or a licensed veterinary technician in conjunction
9 with medical treatment; and

10 (h) The gross income received for detective services; -

11 (i) The gross income received for bail bonding services;

12 (j) The gross income received for providing chartered flights;

13 (k) The gross income received for check and debt collection
14 services;

15 (l) The gross income received for the cleaning of clothing,
16 excluding any amounts exempt pursuant to section 77-2704.14;

17 (m) The gross income received for conference bridging services;

18 (n) The gross income received for providing credit information;

19 (o) The gross income received for data processing services;

20 (p) The gross income received for dating services;

21 (q) The gross income received for services provided by employment
22 agencies;

23 (r) The gross income received for financial reporting services;

24 (s) The gross income received for fishing and hunting guide
25 services;

26 (t) The gross income received for interior design and decorating
27 services;

28 (u) The gross income received for interstate telephone and telegraph
29 services;

30 (v) The gross income received for investment advising services;

31 (w) The gross income received for labor to repair intrastate and

1 interstate vessels and railroad rolling stock;
2 (x) The gross income received for land surveying services;
3 (y) The gross income received for loan broker fees;
4 (z) The gross income received for lobbying and consulting services;
5 (aa) The gross income received for local passenger transportation by
6 chartered road vehicles, including limousines and similar luxury
7 vehicles;
8 (bb) The gross income received for local taxi services;
9 (cc) The gross income received for mainframe computer access and
10 processing services;
11 (dd) The gross income received for motor vehicle cleaning and repair
12 services;
13 (ee) The gross income received for nail care services, except for
14 any such services that are part of a course of medical treatment and are
15 provided by or under the care or supervision of a licensed health care
16 practitioner or in a licensed health care facility;
17 (ff) The gross income received for personal instruction services for
18 dance, golf, or tennis;
19 (gg) The gross income received for public relations and management
20 consulting services;
21 (hh) The gross income received from purchases by licensees of the
22 State Racing and Gaming Commission;
23 (ii) The gross income received for real estate management fees;
24 (jj) The gross income received for secretarial and court reporting
25 services;
26 (kk) The gross income received for seismograph and geophysical
27 services;
28 (ll) The gross income received for shoeshine services;
29 (mm) The gross income received for sightseeing services by ground
30 vehicles;
31 (nn) The gross income received for skin care services, except for

1 any such services that are part of a course of medical treatment and are
2 provided by or under the care or supervision of a licensed health care
3 practitioner or in a licensed health care facility;

4 (oo) The gross income received for social escort services;

5 (pp) The gross income from storage and moving services;

6 (qq) The gross income received for tattoo and body modification
7 services, except for any such services that are part of a course of
8 medical treatment and are provided by or under the care or supervision of
9 a licensed health care practitioner or in a licensed health care
10 facility;

11 (rr) The gross income received for telefloral delivery services
12 defined as amounts received by florists in this state who make deliveries
13 in this state pursuant to instructions received from florists in other
14 states;

15 (ss) The gross income received for telemarketing services;

16 (tt) The gross income received for telephone answering services;

17 (uu) The gross income received for test laboratory services, except
18 for medical test laboratory services;

19 (vv) The gross income received for tour operator services;

20 (ww) The gross income received for travel agency services;

21 (xx) The gross income received for water well drilling services;

22 (yy) The gross income received for wedding planning services; and

23 (zz) The gross income received for weight loss services, except for
24 any such services that are part of a course of medical treatment and are
25 provided by or under the care or supervision of a licensed health care
26 practitioner or in a licensed health care facility.

27 (5) Gross receipts includes the sale of admissions. When an
28 admission to an activity or a membership constituting an admission is
29 combined with the solicitation of a contribution, the portion or the
30 amount charged representing the fair market price of the admission shall
31 be considered a retail sale subject to the tax imposed by section

1 77-2703. The organization conducting the activity shall determine the
2 amount properly attributable to the purchase of the privilege, benefit,
3 or other consideration in advance, and such amount shall be clearly
4 indicated on any ticket, receipt, or other evidence issued in connection
5 with the payment.

6 (6) Gross receipts includes the sale of live plants incorporated
7 into real estate except when such incorporation is incidental to the
8 transfer of an improvement upon real estate or the real estate.

9 (7) Gross receipts includes the sale of any building materials
10 annexed to real estate by a person electing to be taxed as a retailer
11 pursuant to subdivision (1) of section 77-2701.10.

12 (8) Gross receipts includes the sale of and recharge of prepaid
13 calling service and prepaid wireless calling service.

14 (9) Gross receipts includes the retail sale of digital audio works,
15 digital audiovisual works, digital codes, and digital books delivered
16 electronically if the products are taxable when delivered on tangible
17 storage media. A sale includes the transfer of a permanent right of use,
18 the transfer of a right of use that terminates on some condition, and the
19 transfer of a right of use conditioned upon the receipt of continued
20 payments.

21 (10) Gross receipts includes any receipts from sales of tangible
22 personal property made over a multivendor marketplace platform that acts
23 as the intermediary by facilitating sales between a seller and the
24 purchaser and that, either directly or indirectly through agreements or
25 arrangements with third parties, collects payment from the purchaser and
26 transmits payment to the seller.

27 (11) Gross receipts does not include:

28 (a) The amount of any rebate granted by a motor vehicle or motorboat
29 manufacturer or dealer at the time of sale of the motor vehicle or
30 motorboat, which rebate functions as a discount from the sales price of
31 the motor vehicle or motorboat; or

1 (b) The price of property or services returned or rejected by
2 customers when the full sales price is refunded either in cash or credit.

3 **Sec. 3.** Section 77-2701.47, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 77-2701.47 (1) Manufacturing machinery and equipment means any
6 machinery or equipment purchased, leased, or rented by a person engaged
7 in the business of manufacturing for use in manufacturing, including, but
8 not limited to:

9 (a) Machinery or equipment for use in manufacturing to produce,
10 fabricate, assemble, process, finish, refine, or package tangible
11 personal property;

12 (b) Machinery or equipment for use in transporting, conveying,
13 handling, or storing by the manufacturer the raw materials or components
14 to be used in manufacturing or the products produced by the manufacturer;

15 (c) ~~Molds and dies and the materials necessary to create molds and~~
16 ~~dies for use in manufacturing that determine the physical characteristics~~
17 ~~of the finished product or its packaging material, whether or not such~~
18 ~~molds or dies are permanent or temporary in nature, and including any~~
19 ~~chemicals, solutions, or catalysts utilized in the mold or die process~~
20 ~~even if such items are consumed during the course of the mold or die~~
21 ~~process;~~

22 (c) ~~(d)~~ Machinery or equipment for use in manufacturing to maintain
23 the integrity of the product or to maintain unique environmental
24 conditions required for either the product or the machinery and equipment
25 used in manufacturing by a manufacturer;

26 (d) ~~(e)~~ Testing equipment for use in manufacturing to measure the
27 quality of the finished product;

28 (e) ~~(f)~~ Computers, software, and related peripheral equipment for
29 use in manufacturing to guide, control, operate, or measure the
30 manufacturing process;

31 (f) ~~(g)~~ Machinery or equipment for use in manufacturing to produce

1 steam, electricity, or chemical catalysts and solutions that are
2 essential to the manufacturing process even if such produced items are
3 consumed during the course of the manufacturing process or do not become
4 necessary or integral parts of the finished product; and

5 (g) (h) A repair or replacement part or accessory purchased for use
6 in maintaining, repairing, or refurbishing machinery and equipment used
7 in manufacturing.

8 (2) Manufacturing machinery and equipment does not include: Vehicles
9 required to be registered for operation on the roads and highways of this
10 state; hand tools; office equipment; and computers, software, and related
11 peripheral equipment not used in guiding, controlling, operating, or
12 measuring of the manufacturing process. Machinery or equipment does not
13 need to come into direct physical contact with any of the raw materials,
14 components, or products that are part of the manufacturing process to be
15 considered manufacturing machinery or equipment.

16 **Sec. 4.** Section 77-2704.36, Revised Statutes Cumulative Supplement,
17 2024, is amended to read:

18 77-2704.36 (1) Sales and use tax shall not be imposed on the gross
19 receipts from the sale, lease, or rental of depreciable : (a) Depreciable
20 agricultural machinery and equipment purchased, leased, or rented on or
21 after January 1, 1993, for use in commercial agriculture ; or

22 (b) Net wrap, baling wire, and twine purchased for use in commercial
23 agriculture.

24 (2) For purposes of this section:

25 (a) (a)(i) Agricultural machinery and equipment means tangible
26 personal property that is used directly in (i) (A) cultivating or
27 harvesting a crop, (ii) (B) raising or caring for animal life, (iii) (C)
28 protecting the health and welfare of animal life, including fans,
29 curtains, and climate control equipment within livestock buildings, or
30 (iv) (D) collecting or processing an agricultural product on a farm or
31 ranch, regardless of the degree of attachment to any real property; and

1 (b) ~~(ii)~~ Agricultural machinery and equipment includes, but is not
2 limited to, header trailers, head haulers, header transports, and seed
3 tender trailers and excludes any current tractor model as defined in
4 section 2-2701.01 not permitted for sale in Nebraska pursuant to sections
5 2-2701 to 2-2711. ;

6 ~~(b) Baling wire means wire used in the baling of livestock feed or
7 bedding;~~

8 ~~(c) Net wrap means plastic wrap used in the baling of livestock feed
9 or bedding; and~~

10 ~~(d) Twine means a strong string of two or more strands twisted
11 together used in the baling of livestock feed or bedding.~~

12 **Sec. 5.** Section 77-2716, Revised Statutes Supplement, 2025, is
13 amended to read:

14 77-2716 (1) The following adjustments to federal adjusted gross
15 income or, for corporations and fiduciaries, federal taxable income shall
16 be made for interest or dividends received:

17 (a)(i) There shall be subtracted interest or dividends received by
18 the owner of obligations of the United States and its territories and
19 possessions or of any authority, commission, or instrumentality of the
20 United States to the extent includable in gross income for federal income
21 tax purposes but exempt from state income taxes under the laws of the
22 United States; and

23 (ii) There shall be subtracted interest received by the owner of
24 obligations of the State of Nebraska or its political subdivisions or
25 authorities which are Build America Bonds to the extent includable in
26 gross income for federal income tax purposes;

27 (b) There shall be subtracted that portion of the total dividends
28 and other income received from a regulated investment company which is
29 attributable to obligations described in subdivision (a) of this
30 subsection as reported to the recipient by the regulated investment
31 company;

1 (c) There shall be added interest or dividends received by the owner
2 of obligations of the District of Columbia, other states of the United
3 States, or their political subdivisions, authorities, commissions, or
4 instrumentalities to the extent excluded in the computation of gross
5 income for federal income tax purposes except that such interest or
6 dividends shall not be added if received by a corporation which is a
7 regulated investment company;

8 (d) There shall be added that portion of the total dividends and
9 other income received from a regulated investment company which is
10 attributable to obligations described in subdivision (c) of this
11 subsection and excluded for federal income tax purposes as reported to
12 the recipient by the regulated investment company; and

13 (e)(i) Any amount subtracted under this subsection shall be reduced
14 by any interest on indebtedness incurred to carry the obligations or
15 securities described in this subsection or the investment in the
16 regulated investment company and by any expenses incurred in the
17 production of interest or dividend income described in this subsection to
18 the extent that such expenses, including amortizable bond premiums, are
19 deductible in determining federal taxable income.

20 (ii) Any amount added under this subsection shall be reduced by any
21 expenses incurred in the production of such income to the extent
22 disallowed in the computation of federal taxable income.

23 (2) There shall be allowed a net operating loss derived from or
24 connected with Nebraska sources computed under rules and regulations
25 adopted and promulgated by the Tax Commissioner consistent, to the extent
26 possible under the Nebraska Revenue Act of 1967, with the laws of the
27 United States. For a resident individual, estate, or trust, the net
28 operating loss computed on the federal income tax return shall be
29 adjusted by the modifications contained in this section. For a
30 nonresident individual, estate, or trust or for a partial-year resident
31 individual, the net operating loss computed on the federal return shall

1 be adjusted by the modifications contained in this section and any
2 carryovers or carrybacks shall be limited to the portion of the loss
3 derived from or connected with Nebraska sources.

4 (3) There shall be subtracted from federal adjusted gross income for
5 all taxable years beginning on or after January 1, 1987, the amount of
6 any state income tax refund to the extent such refund was deducted under
7 the Internal Revenue Code, was not allowed in the computation of the tax
8 due under the Nebraska Revenue Act of 1967, and is included in federal
9 adjusted gross income.

10 (4) Federal adjusted gross income, or, for a fiduciary, federal
11 taxable income shall be modified to exclude the portion of the income or
12 loss received from a small business corporation with an election in
13 effect under subchapter S of the Internal Revenue Code or from a limited
14 liability company organized pursuant to the Nebraska Uniform Limited
15 Liability Company Act that is not derived from or connected with Nebraska
16 sources as determined in section 77-2734.01.

17 (5) There shall be subtracted from federal adjusted gross income or,
18 for corporations and fiduciaries, federal taxable income dividends
19 received or deemed to be received from corporations which are not subject
20 to the Internal Revenue Code.

21 (6) There shall be subtracted from federal taxable income a portion
22 of the income earned by a corporation subject to the Internal Revenue
23 Code of 1986 that is actually taxed by a foreign country or one of its
24 political subdivisions at a rate in excess of the maximum federal tax
25 rate for corporations. The taxpayer may make the computation for each
26 foreign country or for groups of foreign countries. The portion of the
27 taxes that may be deducted shall be computed in the following manner:

28 (a) The amount of federal taxable income from operations within a
29 foreign taxing jurisdiction shall be reduced by the amount of taxes
30 actually paid to the foreign jurisdiction that are not deductible solely
31 because the foreign tax credit was elected on the federal income tax

1 return;

2 (b) The amount of after-tax income shall be divided by one minus the
3 maximum tax rate for corporations in the Internal Revenue Code; and

4 (c) The result of the calculation in subdivision (b) of this
5 subsection shall be subtracted from the amount of federal taxable income
6 used in subdivision (a) of this subsection. The result of such
7 calculation, if greater than zero, shall be subtracted from federal
8 taxable income.

9 (7) Federal adjusted gross income shall be modified to exclude any
10 amount repaid by the taxpayer for which a reduction in federal tax is
11 allowed under section 1341(a)(5) of the Internal Revenue Code.

12 (8)(a) Federal adjusted gross income or, for corporations and
13 fiduciaries, federal taxable income shall be reduced, to the extent
14 included, by income from interest, earnings, and state contributions
15 received from the Nebraska educational savings plan trust as provided in
16 sections 77-1415 to 77-1430 and any account established under the
17 achieving a better life experience program as provided in sections
18 77-1401 to 77-1409.

19 (b) Federal adjusted gross income or, for corporations and
20 fiduciaries, federal taxable income shall be reduced by any contributions
21 as a participant in the Nebraska educational savings plan trust, any
22 contributions to an account established under the achieving a better life
23 experience program made for the benefit of a beneficiary as provided in
24 sections 77-1401 to 77-1409, or any contributions to the Give to Enable
25 Support Cash Fund as provided in the Give to Enable Support Act, to the
26 extent not deducted for federal income tax purposes, but not to exceed
27 five thousand dollars per married filing separate return or ten thousand
28 dollars for any other return. With respect to a qualified rollover within
29 the meaning of section 529 of the Internal Revenue Code from another
30 state's plan, any interest, earnings, and state contributions received
31 from the other state's educational savings plan which is qualified under

1 section 529 of the code shall qualify for the reduction provided in this
2 subdivision. For contributions by a custodian of a custodial account
3 including rollovers from another custodial account, the reduction shall
4 only apply to funds added to the custodial account after January 1, 2014.

5 (c) For taxable years beginning or deemed to begin on or after
6 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
7 federal adjusted gross income shall be reduced, to the extent included in
8 the adjusted gross income of an individual, by the amount of any
9 contribution made by the individual's employer into an account under the
10 Nebraska educational savings plan trust owned by the individual, not to
11 exceed five thousand dollars per married filing separate return or ten
12 thousand dollars for any other return.

13 (d) Federal adjusted gross income or, for corporations and
14 fiduciaries, federal taxable income shall be increased by:

15 (i) The amount resulting from the cancellation of a participation
16 agreement refunded to the taxpayer as a participant in the Nebraska
17 educational savings plan trust to the extent previously deducted under
18 subdivision (8)(b) of this section; and

19 (ii) The amount of any withdrawals by the owner of an account
20 established under the achieving a better life experience program as
21 provided in sections 77-1401 to 77-1409 for nonqualified expenses to the
22 extent previously deducted under subdivision (8)(b) of this section.

23 (9)(a) For income tax returns filed after September 10, 2001, for
24 taxable years beginning or deemed to begin before January 1, 2006, under
25 the Internal Revenue Code of 1986, as amended, federal adjusted gross
26 income or, for corporations and fiduciaries, federal taxable income shall
27 be increased by eighty-five percent of any amount of any federal bonus
28 depreciation received under the federal Job Creation and Worker
29 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,
30 under section 168(k) or section 1400L of the Internal Revenue Code of
31 1986, as amended, for assets placed in service after September 10, 2001,

1 and before December 31, 2005.

2 (b) For a partnership, limited liability company, cooperative,
3 including any cooperative exempt from income taxes under section 521 of
4 the Internal Revenue Code of 1986, as amended, limited cooperative
5 association, subchapter S corporation, or joint venture, the increase
6 shall be distributed to the partners, members, shareholders, patrons, or
7 beneficiaries in the same manner as income is distributed for use against
8 their income tax liabilities.

9 (c) For a corporation with a unitary business having activity both
10 inside and outside the state, the increase shall be apportioned to
11 Nebraska in the same manner as income is apportioned to the state by
12 section 77-2734.05.

13 (d) The amount of bonus depreciation added to federal adjusted gross
14 income or, for corporations and fiduciaries, federal taxable income by
15 this subsection shall be subtracted in a later taxable year. Twenty
16 percent of the total amount of bonus depreciation added back by this
17 subsection for tax years beginning or deemed to begin before January 1,
18 2003, under the Internal Revenue Code of 1986, as amended, may be
19 subtracted in the first taxable year beginning or deemed to begin on or
20 after January 1, 2005, under the Internal Revenue Code of 1986, as
21 amended, and twenty percent in each of the next four following taxable
22 years. Twenty percent of the total amount of bonus depreciation added
23 back by this subsection for tax years beginning or deemed to begin on or
24 after January 1, 2003, may be subtracted in the first taxable year
25 beginning or deemed to begin on or after January 1, 2006, under the
26 Internal Revenue Code of 1986, as amended, and twenty percent in each of
27 the next four following taxable years.

28 (10) For taxable years beginning or deemed to begin on or after
29 January 1, 2003, and before January 1, 2006, under the Internal Revenue
30 Code of 1986, as amended, federal adjusted gross income or, for
31 corporations and fiduciaries, federal taxable income shall be increased

1 by the amount of any capital investment that is expensed under section
2 179 of the Internal Revenue Code of 1986, as amended, that is in excess
3 of twenty-five thousand dollars that is allowed under the federal Jobs
4 and Growth Tax Act of 2003. Twenty percent of the total amount of
5 expensing added back by this subsection for tax years beginning or deemed
6 to begin on or after January 1, 2003, may be subtracted in the first
7 taxable year beginning or deemed to begin on or after January 1, 2006,
8 under the Internal Revenue Code of 1986, as amended, and twenty percent
9 in each of the next four following tax years.

10 (11)(a) For taxable years beginning or deemed to begin before
11 January 1, 2018, under the Internal Revenue Code of 1986, as amended,
12 federal adjusted gross income shall be reduced by contributions, up to
13 two thousand dollars per married filing jointly return or one thousand
14 dollars for any other return, and any investment earnings made as a
15 participant in the Nebraska long-term care savings plan under the Long-
16 Term Care Savings Plan Act, to the extent not deducted for federal income
17 tax purposes.

18 (b) For taxable years beginning or deemed to begin before January 1,
19 2018, under the Internal Revenue Code of 1986, as amended, federal
20 adjusted gross income shall be increased by the withdrawals made as a
21 participant in the Nebraska long-term care savings plan under the act by
22 a person who is not a qualified individual or for any reason other than
23 transfer of funds to a spouse, long-term care expenses, long-term care
24 insurance premiums, or death of the participant, including withdrawals
25 made by reason of cancellation of the participation agreement, to the
26 extent previously deducted as a contribution or as investment earnings.

27 (12) There shall be added to federal adjusted gross income for
28 individuals, estates, and trusts any amount taken as a credit for
29 franchise tax paid by a financial institution under sections 77-3801 to
30 77-3807 as allowed by subsection (5) of section 77-2715.07.

31 (13)(a) For taxable years beginning or deemed to begin on or after

1 January 1, 2015, and before January 1, 2024, under the Internal Revenue
2 Code of 1986, as amended, federal adjusted gross income shall be reduced
3 by the amount received as benefits under the federal Social Security Act
4 which are included in the federal adjusted gross income if:

5 (i) For taxpayers filing a married filing joint return, federal
6 adjusted gross income is fifty-eight thousand dollars or less; or

7 (ii) For taxpayers filing any other return, federal adjusted gross
8 income is forty-three thousand dollars or less.

9 (b) For taxable years beginning or deemed to begin on or after
10 January 1, 2020, and before January 1, 2024, under the Internal Revenue
11 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar
12 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by
13 the same percentage used to adjust individual income tax brackets under
14 subsection (3) of section 77-2715.03.

15 (c) For taxable years beginning or deemed to begin on or after
16 January 1, 2021, and before January 1, 2024, under the Internal Revenue
17 Code of 1986, as amended, a taxpayer may claim the reduction to federal
18 adjusted gross income allowed under this subsection or the reduction to
19 federal adjusted gross income allowed under subsection (14) of this
20 section, whichever provides the greater reduction.

21 (14)(a) For taxable years beginning or deemed to begin on or after
22 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
23 federal adjusted gross income shall be reduced by a percentage of the
24 social security benefits that are received and included in federal
25 adjusted gross income. The pertinent percentage shall be:

26 (i) Five percent for taxable years beginning or deemed to begin on
27 or after January 1, 2021, and before January 1, 2022, under the Internal
28 Revenue Code of 1986, as amended;

29 (ii) Forty percent for taxable years beginning or deemed to begin on
30 or after January 1, 2022, and before January 1, 2023, under the Internal
31 Revenue Code of 1986, as amended;

4 (iv) One hundred percent for taxable years beginning or deemed to
5 begin on or after January 1, 2024, under the Internal Revenue Code of
6 1986, as amended.

7 (b) For purposes of this subsection, social security benefits means
8 benefits received under the federal Social Security Act.

9 (c) For taxable years beginning or deemed to begin on or after
10 January 1, 2021, and before January 1, 2024, under the Internal Revenue
11 Code of 1986, as amended, a taxpayer may claim the reduction to federal
12 adjusted gross income allowed under this subsection or the reduction to
13 federal adjusted gross income allowed under subsection (13) of this
14 section, whichever provides the greater reduction.

27 (b) For taxable years beginning or deemed to begin on or after
28 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an
29 individual may exclude one hundred percent of the military retirement
30 benefit income received by such individual to the extent included in
31 federal adjusted gross income.

1 (c) For purposes of this subsection, military retirement benefit
2 means retirement benefits that are periodic payments attributable to
3 service in the uniformed services of the United States for personal
4 services performed by an individual prior to his or her retirement. The
5 term includes retirement benefits described in this subdivision that are
6 reported to the individual on either:

7 (i) An Internal Revenue Service Form 1099-R received from the United
8 States Department of Defense; or

9 (ii) An Internal Revenue Service Form 1099-R received from the
10 United States Office of Personnel Management.

11 (16) For taxable years beginning or deemed to begin on or after
12 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
13 federal adjusted gross income shall be reduced by the amount received as
14 a Segal AmeriCorps Education Award, to the extent such amount is included
15 in federal adjusted gross income.

16 (17) For taxable years beginning or deemed to begin on or after
17 January 1, 2022, under the Internal Revenue Code of 1986, as amended,
18 federal adjusted gross income shall be reduced by the amount received by
19 or on behalf of a firefighter for cancer benefits under the Firefighter
20 Cancer Benefits Act to the extent included in federal adjusted gross
21 income.

22 (18) There shall be subtracted from the federal adjusted gross
23 income of individuals any amount received by the individual as student
24 loan repayment assistance under the Teach in Nebraska Today Act, to the
25 extent such amount is included in federal adjusted gross income.

26 (19) For taxable years beginning or deemed to begin on or after
27 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a
28 retired individual who was employed full time as a firefighter or
29 certified law enforcement officer for at least twenty years and who is at
30 least sixty years of age as of the end of the taxable year may reduce his
31 or her federal adjusted gross income by the amount of health insurance

1 premiums paid by such individual during the taxable year, to the extent
2 such premiums were not already deducted in determining the individual's
3 federal adjusted gross income.

4 (20) For taxable years beginning or deemed to begin on or after
5 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an
6 individual may reduce his or her federal adjusted gross income by the
7 amounts received as annuities under the Civil Service Retirement System
8 which were earned for being employed by the federal government, to the
9 extent such amounts are included in federal adjusted gross income.

10 (21) For taxable years beginning or deemed to begin on or after
11 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an
12 individual who is a member of the Nebraska National Guard may exclude one
13 hundred percent of the income received from any of the following sources
14 to the extent such income is included in the individual's federal
15 adjusted gross income:

16 (a) Serving in a 32 U.S.C. duty status such as members attending
17 drills, annual training, and military schools and members who are serving
18 in a 32 U.S.C. active guard reserve or active duty for operational
19 support duty status;

20 (b) Employment as a 32 U.S.C. federal dual-status technician with
21 the Nebraska National Guard; or

22 (c) Serving in a state active duty status.

23 (22)(a) For taxable years beginning or deemed to begin on or after
24 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an
25 individual may reduce his or her federal adjusted gross income by the
26 amount of interest and principal balance of medical debt discharged under
27 the Medical Debt Relief Act, to the extent included in such individual's
28 federal adjusted gross income.

29 (b) For taxable years beginning or deemed to begin on or after
30 January 1, 2024, under the Internal Revenue Code of 1986, as amended,
31 federal adjusted gross income or, for corporations and fiduciaries,

1 federal taxable income shall be reduced by the amount of contributions
2 made to the Medical Debt Relief Fund, to the extent not deducted for
3 federal income tax purposes.

4 (23) For taxable years beginning or deemed to begin on or after
5 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an
6 individual who is a qualifying employee as defined in section 77-3108 may
7 reduce his or her federal adjusted gross income by the amount allowed
8 under section 77-3111.

9 (24) For taxable years beginning or deemed to begin on or after
10 January 1, 2026, under the Internal Revenue Code of 1986, as amended,
11 federal adjusted gross income or, for corporations and fiduciaries,
12 federal taxable income shall be reduced by the amounts allowed to be
13 deducted pursuant to section 77-27,242.

14 (25) There shall be added to federal adjusted gross income or, for
15 corporations and fiduciaries, federal taxable income for all taxable
16 years beginning on or after January 1, 2025, the amount of any net
17 capital loss that is derived from the sale or exchange of gold or silver
18 bullion to the extent such loss is included in federal adjusted gross
19 income except that such loss shall not be added if the loss is derived
20 from the sale of bullion as a taxable distribution from any retirement
21 plan account that holds gold or silver bullion. For the purposes of this
22 subsection, bullion means coins, bars, ingots, notes, leaf, foil, film,
23 or commemorative medallions of gold, silver, platinum, or palladium, or a
24 combination of these, for which the value depends primarily on its
25 content and not the form has the same meaning as in section 77-2704.66.

26 (26) There shall be subtracted from federal adjusted gross income
27 or, for corporations and fiduciaries, federal taxable income for all
28 taxable years beginning on or after January 1, 2025, the amount of any
29 net capital gain that is derived from the sale or exchange of gold or
30 silver bullion to the extent such gain is included in federal adjusted
31 gross income except that such gain shall not be subtracted if the gain is

1 derived from the sale of bullion as a taxable distribution from any
2 retirement plan account that holds gold or silver bullion. For the
3 purposes of this subsection, bullion means coins, bars, ingots, notes,
4 leaf, foil, film, or commemorative medallions of gold, silver, platinum,
5 or palladium, or a combination of these, for which the value depends
6 primarily on its content and not the form has the same meaning as in
7 section 77-2704.66.

8 **Sec. 6.** Section 77-2912, Revised Statutes Cumulative Supplement,
9 2024, is amended to read:

10 77-2912 There shall be no new applications filed under the Nebraska
11 Job Creation and Mainstreet Revitalization Act after June 30, 2026
12 ~~December 31, 2030~~. All applications and all credits pending or approved
13 before such date shall continue in full force and effect, except that no
14 credits shall be allocated under section 77-2905, issued under section
15 77-2906, or used on any tax return or similar filing after December 31,
16 2035.

17 **Sec. 7.** Section 77-3005, Revised Statutes Cumulative Supplement,
18 2024, is amended to read:

19 77-3005 (1) The occupation tax levied and imposed by the Mechanical
20 Amusement Device Tax Act shall be in addition to any and all taxes or
21 fees, of any form whatsoever, ~~now imposed by the State of Nebraska upon~~
22 the business of operating or distributing mechanical amusement devices,
23 including sales and use tax on the gross receipts from the operation of
24 mechanical amusement devices except that payment of the tax and license
25 ~~fees due and owing on or before the licensing date of each year shall~~
26 ~~exempt any such mechanical amusement device from the application of the~~
27 ~~sales tax which would or could otherwise be imposed under the Nebraska~~
28 ~~Revenue Act of 1967. Nonpayment of the taxes or fees due and owing on or~~
29 ~~before the licensing date of each year shall render the exemption~~
30 ~~provided by this section inapplicable, and the particular mechanical~~
31 ~~amusement devices shall then be subject to all the provisions of the~~

1 ~~Nebraska Revenue Act of 1967, including the penalty provisions pertaining~~
2 ~~to the distributor or operator of such mechanical amusement devices.~~

3 (2) No political subdivision of the State of Nebraska shall levy or
4 impose any tax on mechanical amusement devices in addition to the taxes
5 imposed by the Mechanical Amusement Device Tax Act, except for local
6 option sales and use taxes.

7 **Sec. 8.** Sections 6 and 9 of this act become operative on June 30,
8 2026. Sections 1, 2, 3, 4, 5, 7, 10, and 11 of this act become operative
9 on October 1, 2026. The other sections of this act become operative on
10 their effective date.

11 **Sec. 9.** Original section 77-2912, Revised Statutes Cumulative
12 Supplement, 2024, is repealed.

13 **Sec. 10.** Original section 77-2701.47, Reissue Revised Statutes of
14 Nebraska, sections 77-382, 77-2704.36, and 77-3005, Revised Statutes
15 Cumulative Supplement, 2024, and sections 77-2701.16 and 77-2716, Revised
16 Statutes Supplement, 2025, are repealed.

17 **Sec. 11.** The following sections are outright repealed: Sections
18 77-2704.55, 77-2704.60, and 77-2704.67, Reissue Revised Statutes of
19 Nebraska, and section 77-2704.66, Revised Statutes Cumulative Supplement,
20 2024.

21 **Sec. 12.** Since an emergency exists, this act takes effect when
22 passed and approved according to law.