

NEBRASKA

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DEPARTMENT OF REVENUE

Federal / State Income Tax Institute

Nebraska Updates 2023

Effective
through
December 5,
2023

revenue.nebraska.gov

Today's Agenda

- Subscription Services
- Major Legislative Changes
- Individual Income Tax Information
- Business Taxes Information
- Local Sales and Use Tax Rates
- Income Tax Withholding
- Tax Incentives
- Miscellaneous Information

Department of Revenue

Committed to helping taxpayers understand and meet their tax obligations.

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Featured Information

The Nebraska Property Tax Credit Webpage has been updated with new information.

Updated (9/15/2022)

[Nebraska Property Tax Credit Information](#)

The Nebraska Higher Blend Tax Credit Act Application is available now.

Updated (7/27/2022)

[Nebraska Higher Blend Tax Credit Act](#)

The 2022 Nebraska Legislative Changes are now available.

Updated (7/27/2022)

[2022 Nebraska Legislative Changes](#)

Check on the status of your refund here:

Updated (6/1/2022)

[Where's my refund?](#)



For Businesses



For Individuals



Tax Professionals



Property Assessment



Local Governments



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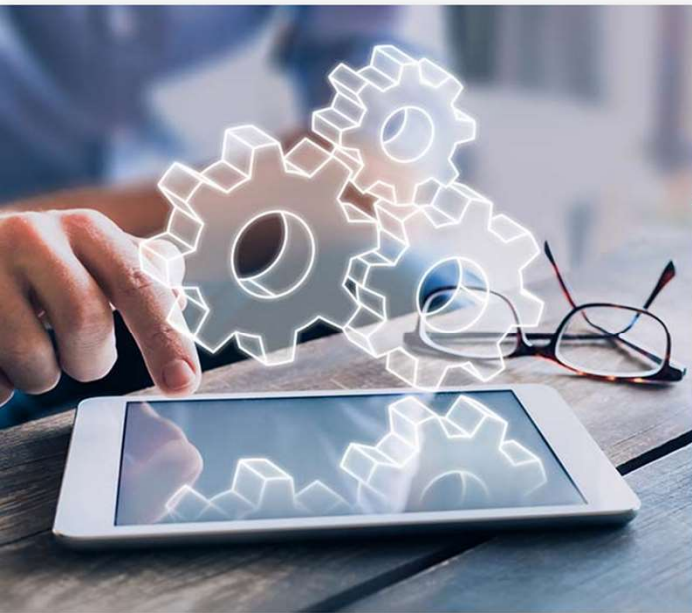
Tax Professionals



Property Assessment

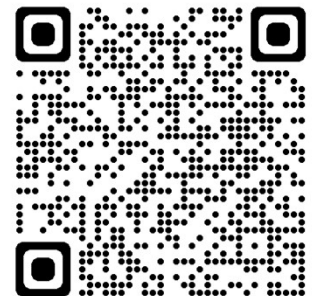


Local Governments



Quick Links

- Forms
- Register a Business
- Sales Tax Rate Finder
- Online Services
- Refund Information
- Video Center
- Payment Plan
- Major Legislative Changes
- News Releases
- Delinquent Taxpayer List



Legislative Bills Passed in 2023

- LB 92
- LB 562
- LB 727
- LB 753
- LB 754
- LB 775

Overview of Legislative Bills

Bill

- LB 92

- LB 562

Description

- Changes provisions of the ImagiNE Nebraska Act.

- Adopts the E-15 Access Standard Act.

- Changes provisions of Nebraska Higher Blend Tax Credit Act.

- Changes provisions of the Beginning Farmer Tax Credit.

Overview of Legislative Bills

Bill

- LB 727

Description

- Changes provisions of the ImagiNE Nebraska Act.
- Expands the Nebraska Rural Development Act.
- Establishes the Nebraska Biodiesel Tax Credit Act.
- Amends the Nebraska Advantage Research & Development Act.

Overview of Legislative Bills

Bill

- LB 727 (continued)

Description

- Establishes the Good Life Transformational Projects Act.
- Amends the Nebraska Job Creation and Mainstreet Revitalization Act.
- Expands the Sports Arena Facility Financing Assistance Act.
- Changes Inheritance Tax reporting.

Overview of Legislative Bills

Bill

- LB 727 (continued)

Description

- Expands the Tobacco Products Tax Act.
- Amends the Nebraska Educational Savings Plan.
- Expands individual income tax deduction for health insurance premiums paid by retired firefighters.
- Renames the Law Enforcement Act to the First Responder Recruitment and Retention Act.

Overview of Legislative Bills

Bill

- LB 727 (continued)

Description

- Amends the Achieving a Better Life Experience (ABLE) Program.
- Amends Nebraska Property Tax Incentive Act.
- Establishes a nonrefundable credit to grocery store retailers, restaurants, and agricultural producers for food bank, food pantry, or food rescue donations.

Overview of Legislative Bills

Bill

- LB 727 (continued)

Description

- Expands buyer-based exemptions for sales tax.
- Expands agricultural machinery and equipment exemption.
- Recognizes an additional nonprofit organization.
- Expands an exemption for governmental projects.

Overview of Legislative Bills

Bill

- LB 727 (continued)

Description

- Extends the diversion of a portion of the state sales tax.
- Changes the distribution of sales tax revenue on aircraft.
- Clarifies Nebraska Educational Savings Plan nonqualified withdrawals.

Overview of Legislative Bills

Bill

- LB 753

- LB 754

Description

- Establishes the Opportunity Scholarships Act.

- Establishes the Child Tax Credit Act.
- Restores the School Readiness tax credit.
- Changes the individual and fiduciary income tax rates.

Overview of Legislative Bills

Bill

- LB 754 (continued)

Description

- Changes the corporate income tax rate.
- Excludes Social Security benefits from Adjusted Federal Gross Income (AGI).
- Excludes federal retirement income from AGI
- Expands credit for tax paid to another state.
- Includes Pass-Through Entities Election to be subject to income tax.

Overview of Legislative Bills

Bill

- LB 775

Description

- Changes the Nebraska Bingo Act and Nebraska County and City Lottery Act.



Individual Income Tax

Individual Income & Fiduciary Tax Rate Changes (LB 754)

Tax year beginning in	3 rd Bracket		4 th (top) Bracket	
	Before	After	Before	After
LB 754 Rate Changes				
January 1, 2024	5.01%	5.01%	6.44%	5.84%
January 1, 2025	5.01%	5.01%	6.24%	5.20%
January 1, 2026	5.01%	4.55%	6.00%	4.55%
January 1, 2027	5.01%	3.99%	5.84%	3.99%

Individual Income Tax

- Opportunity Scholarships Act (LB 753) - establishes a tax credit;
- Child Care Tax Credit (LB 754) - establishes tax credit;
- School Readiness Tax Credit (LB 754) – restores a previous tax credit;
- Individual Income Tax Rates (LB 754) – reduces maximum tax rates; and
- Social Security Benefit Exclusion (LB 754) – reduces federal AGI to extent included in AGI.

Opportunity Scholarships Act (LB 753)

- The Act establishes a program to provide scholarships for eligible students to attend qualified privately operated elementary and secondary schools.
- The scholarships are funded by cash contributions made to certified scholarship granting organizations (SGO).
- The donor to SGO may be qualified for a non-refundable tax credit for taxable years beginning on or after January 1, 2024. The organization will issue a receipt for the contribution to the donor.
- If the ballot question is successful and repeals the law going forward, the DOR will stop issuing determinations of the available tax credit to the SGO from the date the ballot question is certified.
- Funding for the program is limited to 25 million for 2024, 2025, and 2026.

Opportunity Scholarships Act (LB 753)

- The nonrefundable credit is the lesser of:
 - Total amount of contributions made to the SGO during the tax year;
 - 50% of the income tax liability of the taxpayer for such year; or
 - \$100,000 or \$1 million for estates and trusts;
- Unused credit may be carried forward 5 years;
- Taxpayer may not claim any portion that was claimed as a charitable contribution on federal return;

Opportunity Scholarships Act (LB 753)

- Organizations must apply to Department of Revenue (DOR) to be certified as an SGO;
- To be certified under the Act, the organization must:
 - Be a 501(c)(3) organization;
 - Offer one or more scholarship programs;
 - Comply with requirements in § 77-7110;
 - Provide scholarships without limiting availability to only one qualified school in Nebraska;

Opportunity Scholarships Act (LB 753)

- To be certified under the Act, the organization must also:
 - Ensure that the maximum award to student can not exceed tuition and fees;
 - Follow priority list outlined in Act; and
 - Limit scholarship amount so they do not exceed 75% of statewide average general fund expenditures per student for most recent data year;

Opportunity Scholarships Act (LB 753)

- Process
 - Taxpayer notifies SGO they intend to make contribution;
 - SGO notifies DOR of intended credit amount;
 - DOR determines if intended credit amount exceeds limit in Act;
 - §77-7109 outlines the process DOR must follow; and
 - SGO provides receipt.

Opportunity Scholarships Act (LB 753)

- Process (continued)
 - SGO required to submit an audited financial report by December 1 of each calendar year to the DOR that includes:
 - Policies and procedures for awarding scholarships;
 - Number of eligible students receiving scholarships;
 - The total amount of contributions received for scholarships; and
 - The total amount of education scholarships awarded.

Child Care Tax Credit (LB 754)

- Establishes two separate tax credits for tax years beginning on or after January 1, 2024
 - Refundable Tax Credit to parents and guardians; and
 - Nonrefundable Tax credit to those making contributions.

Child Care Tax Credit (LB 754)

- Refundable Tax Credit
 - Available to parents or legal guardians of children 5 years old or younger claimed as a dependent for federal income tax purposes.
 - Eligible for the credit if:
 - Child enrolled in licensed childcare program;
 - Child receives care from a provider enrolled in the childcare subsidy program; or
 - Parent's or guardians federal modified AGI is less than or equal to federal poverty level.

Child Care Tax Credit (LB 754)

- Refundable tax credit is equal to:
 - \$2,000 per child, if the total household income is no more than \$75,000;
 - \$1,000 per child, if the total household income is more than \$75,000 but no more than \$150,000; or
 - \$0 if the total household income is more than \$150,000.

Child Care Tax Credit (LB 754)

- Application and supporting documentation are used to certify the tax credit.
- Applications will be:
 - Used to reserve the tax credits for the individual to claim on their Nebraska individual income tax return; and
 - Processed in order received until the annual limit of \$15 million is reached.

Child Care Tax Credit (LB 754)

- Nonrefundable Tax Credit:
 - Available to taxpayers making qualifying contributions.
 - Taxpayers required to submit an application to DOR.
 - Qualifying contribution definition broad and defines what the contribution can be used for.

Child Care Tax Credit (LB 754)

- A qualifying contribution can be made to a for-profit childcare business, including home providers.
Proceeds must be used for:
 - Acquisition or improvement of childcare facilities;
or
 - Acquisition of equipment; or
 - Providing services: or
 - Employee retention.

Child Care Tax Credit (LB 754)

- A qualifying contribution can also be made to an intermediary for establishment or operation of an eligible program.

Child Care Tax Credit (LB 754)

- The non-refundable credit will equal 75% or 100% of the qualifying contribution, not to exceed \$100,000 for any single year.
- For the credit to equal 100%, the qualifying contribution must be made to:
 - Eligible program with physical presence in an opportunity zone; or
 - Eligible program with at least one child enrolled in the childcare subsidy program.

Child Care Tax Credit (LB 754)

- A contribution will not qualify if it is made to a childcare provider in which the taxpayer or a person related to the taxpayer has a financial interest.
- Credit can be carried forward for next 5 years.
- Taxpayer may only claim a credit on the portion of the contribution that was not claimed as a charitable contribution on their federal return.

School Readiness Tax Credit (LB 754)

- Restored the School Readiness Tax Credit Act and updated the tax credit amounts;
- Two separate income tax credits beginning with tax year 2024
 - Nonrefundable tax credit to persons who own or operate eligible childcare and education program established under §68-1202; and
 - Refundable tax credit to staff members who are both employed with an eligible program for at least six months during the taxable year and are classified in Nebraska Early Childhood Professional Record System.

School Readiness Tax Credit (LB 754)

- Nonrefundable income tax credit to individuals operating an eligible childcare and education program. The credit to the provider is equal to the average number of subsidy children who attend the provider's program multiplied by a dollar amount based on the quality scale rating of the eligible program (note: the credit is per child):
 - Step 5 \$1,200;
 - Step 4 \$1,000;
 - Step 3 \$800;
 - Step 2 \$600; or
 - Step 1 \$400.

School Readiness Tax Credit (LB 754)

- Refundable income tax credit for eligible staff members equal to:
 - Level Five: \$3,500;
 - Level Four: \$3,200;
 - Level Three: \$2,900;
 - Level Two: \$2,600; or
 - Level One: \$2,300.

Social Security Benefit Exclusion (LB 754)

- For taxable years beginning on or after January 1, 2024, a taxpayer's federal AGI is reduced by the amount of social security benefits received to the extent included in federal AGI.

Federal Retirement Income Exclusion (LB 754)

- For tax years beginning on or after January 1, 2024, a taxpayer's federal AGI is reduced by amounts received as annuities under the Federal Employees Retirement System or the Civil Service Retirement System that were earned from employment with the federal government to the extent included in federal AGI.

Nebraska Educational Savings Plan (LB 727)

- Clarifies Nebraska Educational Savings Plan nonqualified withdrawals do not include distributions from an account for a rollover to a Roth Individual Retirement Account (Roth IRA) as permitted by section 529 of the Internal Revenue Code (IRC).

Income Tax Deduction for Health Insurance Premiums LB 727

- Expands an income tax deduction to include firefighters. The health insurance premiums paid by the firefighter may be deducted to the extent the premiums were not previously deducted in determining the retiree's federal AGI.
- The deduction was previously limited to certified law enforcement officers;

Income Tax Deduction for Health Insurance Premiums LB 727

- The retiree must meet the following requirements:
 - Individual was employed full time as a firefighter or certified law enforcement officer for at least 20 years, and
 - The individual must be at least 60 years old as of the end of the taxable year the deduction is claimed.

First Responder Recruitment and Retention (LB 727)

- Renames the Law Enforcement Education Act to the First Responder Recruitment and Retention Act.
- Expands the resident tuition waiver for law enforcement officer(s) to include professional firefighter(s) and their legal dependent(s).
- Tuition waiver includes tuition to University of Nebraska, state colleges in the Nebraska college system, and community colleges located within the State of Nebraska.

First Responder Recruitment and Retention (LB 727)

- The waiver is 100% of resident tuition charges after financial aid for pursuing an associate or baccalaureate degree program that relates to their career.
- Each year the first responder or dependent requests a tuition waiver from the educational institution and the following documentation must be filed with DOR before applying to the educational institution for the waiver.
 - Proof of employment as an officer with municipalities, sheriff, or state patrol or as a firefighter.
 - Proof of residence in Nebraska.

Achieving a Better Life Experience (ABLE) (LB 727)

- Changes provisions of the ABLE program.
- If the balance of an account on the date of death of the designated beneficiary is less than or equal to \$5,000, the account owner or personal representative of the designated beneficiary may have the balance distributed to an individual or individuals specified by the designated beneficiary, the account owner, or the personal representative of the designated beneficiary.

Refundable Nebraska Income Tax Credit for School and Community College Property Taxes

- The credit is available for both school district and community college property taxes paid.
- An individual or entity may claim the credit by filing the appropriate Nebraska tax return together with a Nebraska Property Tax Credit, Form PTC (Form PTC).
- If an individual did not claim the credit on their Nebraska tax return, they may file an Amended Nebraska Property Tax Credit, Form PTCX.
- The credit for school district property taxes paid is 30% and the credit for community college property taxes paid is 55%.

Nebraska Property Tax Incentive Act (LB 727)

- Amended to exclude from community college and school district property taxes paid any payments that were delinquent for five years or more at the time of the payment.

Credit for Tax Paid to Another State (LB 754)

- The credit for tax paid to another state for a resident individual, estate, or trust is expanded to include tax paid by a partnership or S corporation in another state, when the partnership or S corporation is also subject to Nebraska income tax.



Business Taxes

Nebraska Pass-Through Entity Tax (PTET)

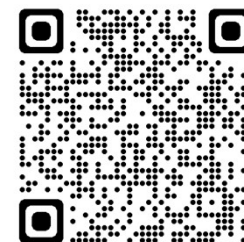
The Nebraska Department of Revenue (DOR) created a GovDelivery subscription category called "Nebraska Pass-Through Entity Tax." [Click here](#) to learn more about this free subscription service as well as sign up for automatic emails when DOR updates information about this tax.

General Information

An eligible partnership or S corporation may elect to be subject to Nebraska income tax for tax years beginning on and after January 1, 2018. (**LB754** – Sections 11 through 13, and 16, Operative June 1, 2023.)

Forms

- **Pass-Through Entity Tax (PTET) Election for Tax Years 2018 through 2022, Form PTET-E**
- **Pass-Through Entity Tax (PTET) Worksheet for Tax Year 2022**
- **Nebraska Schedule PTET – Partner's Share of Nebraska Pass-Through Entity Tax, Form 1065N**
- **Nebraska Schedule PTET – Shareholder's Share of Nebraska Pass-Through Entity Tax, Form 1120-SN**
- **Pass-Through Entity Tax (PTET) Election for Tax Years After 2022, Form PTET-E**



[Upload PTET-E Here](#)

Pass-Through Entities Election (LB 754)

- A partnership and small business corporation may make an annual irrevocable election to be subject to Nebraska income tax for tax years beginning on and after January 1, 2018.
- Election applies to all returns filed for the year covered by the election.
- The income tax liability is computed at the highest individual income tax rate on the pass-through entity's net income apportioned to Nebraska.
- Partners and shareholders may claim a refundable credit equal to their share of Nebraska income tax paid by an electing partnership or S corporation.

Pass-Through Entities Election (continued)

- LB 754 was passed by the Legislature on May 25th and signed by the Governor on May 31st.
- DOR completed the election on September 1, 2023, enabling 2022 fiscal filers to take advantage of the election.
- Developed the forms with the help of Nebraska CPA's.
- On behalf of the DOR staff, THANK YOU!

PTET Election Tax Years 2018-2022

PRINT FORM
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Pass-Through Entity Tax (PTET) Election

for Tax Years 2018 through 2022

FORM PTET-E
2023

Name of Electing Entity _____

Street or Other Mailing Address _____

City _____ State _____ ZIP Code _____

Type of Eligible Entity Partnership S Corporation

Please Do Not Write In This Space

Federal ID Number _____

Nebraska ID Number _____

Check each tax year for which the election is made:

2018 2019 2020 2021 2022

Tax Year	Nebraska Income (From line 5 Form 1065N or 1120-SN)	Nebraska PTET (Nebraska Income x .0684)
2018		
2019		
2020		
2021		
2022		

Total PTET Due _____

Check this box if your payment is being made electronically.

Check this box if the payment made is less than the total PTET due based on PTET credits received from electing partnerships in which you hold an interest.

By submitting this form, the electing entity agrees to extend the statute of limitations for issuing a notice of deficiency from one year after the election is filed to one year after the return reporting the related PTET is filed.

PTET Worksheet for Tax Year 2022

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Pass-Through Entity Tax (PTET) Worksheet for Tax Year 2022

PRINT FORM **RESET FORM**

FORM PTET-E
Worksheet
2022

Name on Form 1065N or Form 1120-SN		Nebraska ID Number	
Type of Eligible Entity <input type="checkbox"/> Partnership <input type="checkbox"/> S Corporation			
1	Income reported to Nebraska (from line 5, Form 1065N or Form 1120-SN)		00
2	Electing pass-through entity tax (PTET) for tax year 2022 (line 1 multiplied by .0684)		00
3	Premium tax credit (see instructions – attach schedule)	00	
4	Employer's credit for expenses incurred for TANF (ADC) recipients (see instr.)	00	
5	Form 3800N nonrefundable credit (attach Form 3800N)	00	
6	Total nonrefundable credits (total of lines 3 through 5)		00
7	Nebraska PTET for tax year 2022 after nonrefundable credits. Subtract line 6 from line 2 (if line 6 is more than line 2 enter -0-)		00
8	PTET for tax years 2018 through 2021 (Enter total due from Form PTET-E for tax years 2018 through 2022)		00
9	Nebraska tax after nonrefundable credits (line 7 plus line 8) (Enter here and on line 7, Form 1065N or Form 1120-SN.)		00
10	Income reported to Nebraska subject to withholding (line 9 divided by .0684) (Enter here and on line 6, Form 1065N or Form 1120-SN.)		00
Refundable Credits			
11	Beginning Farmer credit		00
12	Nebraska income tax withheld (attach Form 1099-NEC) (see instructions)		00
13	PTET credit received from a partnership (attach Schedules K-1N)		00
	a Name: _____ b Nebraska ID Number _____ c Amount: \$ _____		
	(Attach a schedule if the credit was received from more than one partnership.)		
14	Total refundable credits (total lines 11 through 13 and enter here) (Add this amount to any Form 3800N refundable credits and enter the total on line 8, Form 1065N or Form 1120-SN.)		00

Pass-Through Entity Tax Election for Tax Years after 2022

PRINT FORM

RESET FORM

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Pass-Through Entity Tax (PTET) Election for Tax Years After 2022

FORM PTET-E

By submitting this form, the eligible pass-through entity is electing to be subject to Nebraska income tax for the tax year entered below. This election is irrevocable and applies to all returns filed for the taxable year.

Name of Eligible Entity Making Election			Federal ID Number	
Street or Other Mailing Address			Nebraska ID Number	
City	State	ZIP Code	Tax Year of Election Year Beginning	_____
			Year Ending	_____
Type of Organization	<input type="checkbox"/> Partnership	<input type="checkbox"/> S Corporation		

Corporate Income Tax Rate (LB 754)

- The corporation income tax rate on Nebraska taxable income (NTI) for taxable years beginning on and after January 1, 2024, is reduced.

Corporate Maximum Income Tax Rate

LB 754 reduces the maximum corporate tax rate for corporations for taxable income in excess of \$100,000.

Reduction to maximum income tax rate	Taxable Year Time Period
5.58%	January 1, 2024, and January 1, 2025
5.20%	January 1, 2025, and January 1, 2026
4.55%	January 1, 2026, and January 1, 2027
3.99%	After January 1, 2027
Note:	The corporate rate for the first \$100,000 of Nebraska taxable income remains at 5.58%

Sales and Use Tax (LB 727)

- Buyer Based Exemption
- Agricultural Machinery & Equipment Exemption
- Exemption for Governmental Project Expanded
- Sales Tax Diversion Extension
- Distribution of Sales Tax Revenue on Aircraft
- Good Life Transformational Projects Act

Buyer-Based Exemption (LB 727)

- Beginning July 1, 2026, construction contractor may purchase materials tax-exempt based on the buyer-based exemption of the contractor's client.
- Purchasing Agent Appointments (Form 17) provisions are expanded.

Expansion of Purchasing Agent Appointments

- Client eligible for buyer-based exemption may appoint construction contractors as purchasing agents to make tax-free purchases of materials that will be physically annexed to the structure, and which subsequently belong to the client.
- The appointment of purchasing agents will be in writing and occur prior to having any buyer-based tax-exempt items annexed to real estate during construction, improvement, or repair. If the client fails to timely appoint the purchasing agent, the client may apply for a refund of any sales or use tax paid by the contractor on the exempt materials.

Agricultural Machinery & Equipment Exemption (LB 727)

- Expanded to include baling wire and twine purchased for use in commercial agriculture to bale livestock feed or bedding.
- The law changes the exemption for net wrap by requiring the net wrap to be used in baling of livestock feed or bedding.

Additional Sales Tax Exemption Organization

- Neb. Rev. Stat. § 2704.12 is amended to include an additional organization as a sales tax-exempt nonprofit organization.
- It will now include any nonprofit organization certified or contracted by a regional behavioral health authority or the Division of Behavioral Health of the Department of Health and Human Services to provide community-based mental health or substance use services.

Exemption for Governmental Project Expanded (LB 727)

- The project does not need the voters' approval when the expenditures are paid for with redevelopment bonds.
- Project means the acquisition of real property, or the construction of a public building and the amount is the greater of \$50,000 or 6/10ths of 1% of the total purchase agreement, financing lease, or other instrument as of the end of the governmental unit's prior fiscal year.

Exemption for Governmental Projects Expanded

- The exemption to include purchases by a nonprofit corporation for governmental unit projects paid in whole or in part with redevelopment bonds was expanded.
- A sales tax exemption for a nonprofit corporation making a lease-purchase agreement, financing lease, or other instrument for a governmental unit's expenditures towards a project is provided.

Sales Tax Diversion Extension (LB 727)

- Extends the diversion of one quarter cent of the State sales tax (not including motor vehicle, motorboat, and ATV sales tax) from the General Fund to the Highway Trust Fund (85%) and the Highway Allocation Fund (15%) from a current end date of July 1, 2033, to July 1, 2042.

Distribution of Sales Tax Revenue on Aircraft (LB 727)

- Sales and use taxes imposed on the sale or lease of aircraft as defined in Neb. Rev. Stat. §3-101 are directed to the Aeronautics Capital Improvement Fund.
- Form 10, Sch I, Form 2, and Form 3 have all been changed to add this information.

Good Life Transformation Projects Act

- The Act creates a district that applies a sales tax rate of 2.75% for transactions occurring within an approved good life district (District).
- Applications must be filed on or before December 31, 2024, and be approved by the Department of Economic Development based on the ability of the District to generate new economic activity, create new jobs for residents, and promote new-to-market retail, entertainment, and dining attractions.

Nonrefundable Income Tax Credit (LB 727)

- Establishes a nonrefundable tax credit to any grocery store retailer or restaurant that donates food to a food bank, food pantry, or food rescue during the taxable year; and any agricultural producer that makes a qualifying agricultural food donation to a food bank, food pantry, or food rescue during the taxable year.
- Effective date January 1, 2024.
- Note: The DOR may approve zero dollars.

Nonrefundable Income Tax Credit (LB 727)

- Any amount relating to such food donation or qualifying agricultural food donation that was subtracted from the taxpayer's federal AGI or federal taxable income must be added back in the determination of Nebraska AGI or taxable income before the credit can be claimed.
- The credit amount is equal to 50% of the value of the donations made during the taxable year, not to exceed \$2,500. Taxpayers may carry forward unused credits to any of three subsequent years.

Nonrefundable Income Tax Credit (LB 727)

- Food donated by grocery stores and restaurants will be valued at its wholesale value.
- A qualifying agricultural food donation is valued at the prevailing market value of the product at the time of donation, plus the direct cost incurred by the agricultural producer for processing the product.
- Taxpayers must submit an application to receive the credit.

Sports Arena Financing Assistance Act (LB 727)

- LB 727 expands definition of eligible facility.
- Defines concert venue.
- Privately-owned concert venue may apply.
 - For privately owned concert venues, the state assistance may only be used by the applicant for two reasons.

Convention Center Facility Financing Assistance Act

- LB 727 Amended
- Applications accepted until December 31, 2030.
- Non-profits and other private entities may no longer own and operate a convention center.
- Projects approved after September 2, 2023, the turnback tax will include nearby retailers, in addition to hotels, who are within 600 yards of the facility.



Tax Incentives

ImagiNE Nebraska Act

- LB 92 allows Nebraska-based entities participating in federal program called Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Act to make an application under the ImagiNE Nebraska Act.
- LB 727 expands the definition of a qualified location to include locations where waste treatment and disposal activities are conducted.

E-15 Access Standard Act

- Administrated by the Department of Agriculture (NDA) to increase consumer access to E-15 gasoline.
- DOR involvement is in the reporting and verification of small retail dealers.
- Starting in 2025, DOR and the Department of Environment and Energy (NDEE) will annually issue a joint report identifying the statewide ethanol blend rate.

Nebraska Higher Blend Tax Credit Act (HBTC)

- LB 562 amended the Nebraska Higher Blend Tax Credit Act (HBTC) to redefine E-15.
- E-15 is now defined as blended gasoline with more than 10% but no more than 15% ethanol. This now matches the federal definition.
- For each gallon of E-15 retail dealers receive credits.

HBTC Credits Rates & Other Information

- 2024 – 8 cents
- 2025 - 9 cents
- 2026 – 8 cents
- 2027 - 7 cents
- 2028 – 5 cents
- Credit cap increased from \$4 million to \$5 million.
- Sunset date extended to December 31, 2028

Beginning Farmer Tax Credit Act

- Amended to redefine farm to mean any improved or unimproved tract of land used for or devoted to the commercial production of farm products.
- Eliminated the requirement for three individuals on the board to be from each congressional district.

Beginning Farmer Tax Credit Act

- Definition of a qualified beginning farmer or livestock producer includes two additional requirements regarding the individual:
 - Have a net worth of no more than \$750,000 (previously was \$200,000);
 - Be of legal age to enter in and be legally responsible for a binding contract or lease as provided in Neb. Rev. Stat. § 43-2101.0

Beginning Farmer Tax Credit Act

- A one-time refundable income tax credit is provided for the cost of participating in the financial management program as required under the Act is no longer allowed to beginning farmers or livestock producers who are in the first, second, or third year of a qualifying three-year rental agreement.
- The board's review of 3- year rental agreements is changed from a semi-annual basis to an annual basis.
- \$2 million annual cap.

Biodiesel Tax Credit

- LB 727 establishes Nebraska Biodiesel Tax Credit Act (BTC Act).
- Retail dealers who sold and dispensed biodiesel on a retail basis during prior calendar year through a motor fuel pump located at taxpayer's retail motor fuel site are eligible.
- 14 cents per gallon multiplied by total number of gallons of biodiesel sold.
- Refundable credit and can go against any income tax.
- Must submit application to DOR each year from January 1 to April 15 of each calendar year.

Nebraska Advantage Research & Development Act

- LB 727 amended the Nebraska Advantage R&D Act to change employer requirements for use of the E-Verify systems for tax years that begin on or after January 1, 2023.
- Now, not all new employees need to be E-Verified.
- Employer must electronically verify an employee hired during or after the first tax year for which the credit is claimed, and whose Nebraska taxable compensation is included in calculating the federal credit.
- Verification must be performed within 90 days after the date of hire, or a longer period as permitted under the rules of the federal E-Verify system.

Nebraska Job Creation and Mainstreet Revitalization Act

- Act is amended to extend the application date and final date to claim credits.
- Historically significant real property is expanded to include at grade or above ground structures.
- Improvements is redefined to include a project with a total cost of more than \$5,000 regardless of location.

Nebraska Job Creation and Mainstreet Revitalization Act

- The amount of credit is increased to 25% of all eligible expenses for properties located in a county that includes a city of the metropolitan class or a city of the primary class and increased to 30% for all other locations.
- Engineering costs now qualify as eligible expenses for the six- month period prior to application.
- Credit cap increased to \$2 million on January 1, 2024. Allocated credits from prior years continue to be carried forward.



Miscellaneous Information



Local Sales and Use Tax Rate Changes

Local Sales Tax Rate Changes

- Effective January 1, 2023
 - Byron started a 1% city rate.
 - Gage County terminated its 0.5% rate.
 - Seward went from 1.5% to 2.0% city rate.
 - Sutherland started a 1.5% city rate.

Local Sales Tax Rate Changes

- Effective April 1, 2023
 - Emerson started a 1.5% city rate.
 - Ewing increased from 0.5% to 1.5% city rate.
 - Genoa increased from 1.5% to 2.0% city rate.
 - Hallam started a 1.0% city rate.
 - Halsey started 0.5% city rate.
 - McCook went from 1.5% to 2.0% city rate.
 - North Platte went from 1.5% to 2.0% city rate.
 - St. Paul went from 1.0% to 1.5% city rate.
 - Wynot started a 1.5% city rate.

Local Sales Tax Rate Changes

- Effective July 1, 2023
 - Ord went from 2.0% to 1.5% city rate.
 - Trenton started at 1.5% city rate.
- Effective October 1, 2023
 - Nebraska City decreased their rate from 2.0% to 1.5%.
- Effective January 1, 2024
 - Kimball will decrease their rate from 1.5% to 1.0%.

Good Life Transformation Projects Act

- The Act creates a district that applies a sales tax rate of 2.75% for transactions occurring within an approved good life district (District).
- Applications must be filed on or before December 31, 2024, and be approved by the Department of Economic Development based on the ability of the District to generate new economic activity, create new jobs for residents, and promote new-to-market retail, entertainment, and dining attractions.

Local Sales and Use Tax Rates



Quick Links

- Forms
- Register a Business
- Sales Tax Rate Finder**
- Online Services
- Refund Information
- Video Center
- Payment Plan
- Major Legislative Changes
- News Releases
- Delinquent Taxpayer List

Income Tax Withholding

- Nebraska Circular EN, Nebraska Income Tax Withholding for Wages, Pensions and Annuities, and Gambling Winnings Paid on or after January 1, 2023.

General Income Tax

Nebraska Standard Deductions

	2023	2024
• Single taxpayers	\$ 7,900	\$ 8,350
• Head of household	\$ 11,600	\$12,250
• Married, filing jointly	\$ 15,800	\$16,700
• Married, filing separately	\$ 7,900	\$ 8,350
• Qualifying Widow(er)	\$ 15,800	\$16,700

Taxpayers Over Age 65 and/or Blind

- Taxpayers using married, filing jointly; married, filing separately; or qualifying widow(er) filing status, add \$1,600 per box checked.
- Taxpayers using single or head of household filing status, add \$1,950 per box checked.

General Income Tax

Individual Income Tax Brackets in 2024				
Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 – 7,790	\$0 – 7,270	\$0 – 3,900	2.46%
2	\$7,790 – 46,760	\$7,270 – 37,400	\$3,900 – 23,370	3.51%
3	\$46,760 – 75,340	\$37,400 – 55,850	\$23,370 – 37,670	5.01%
4	Over \$75,340	Over \$55,850	Over \$37,670	5.84%
Individual Income Tax Brackets in 2023				
Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 – 7,390	\$0 – 6,900	\$0 – 3,700	2.46%
2	\$7,390 – 44,350	\$6,900 – 35,480	\$3,700 – 22,170	3.51%
3	\$44,350 – 71,460	\$35,480 – 52,980	\$22,170 – 35,730	5.01%
4	Over \$71,460	Over \$52,980	Over \$35,730	6.64%

Personal Exemption Credit

2023 = \$157

2024 = \$166

Changes to Inheritance Tax Reporting

- Petitioners in a proceeding to determine inheritance tax must file an inheritance tax report with the county treasurer of the county in which the order determining inheritance is entered, summarizing the amount of inheritance tax revenue collected, by class of beneficiary.
- County Treasurers will report to DOR on state fiscal year basis by August 1st every year, except the first report will only cover January 1, 2023, to June 30, 2023.
- DOR will publish each county report and a statewide aggregate of the reports by September 1st each year on the DOR website.

Tobacco Products Tax Act

- The definition of tobacco products under the Tobacco Products Tax Act is expanded to include electronic nicotine delivery systems (ENDS).
- The tax for ENDS containing three milliliters or less of consumable materials is \$0.05 per milliliter.
- The tax for ENDS containing more than three milliliters or more of consumable materials is 10% of either (i) the purchase price of ENDS paid by the first owner or (ii) the price at which the first owner who made, manufactured, or fabricated the ENDS sells the items to others.

Lottery/Charitable Gaming (LB 775)

- Changes to the Nebraska Bingo Act and the Nebraska County and City Lottery Act
- Digital on-premises tickets are defined as digital tickets purchased in person on a mobile or other electronic device verified to be present at the location of the lottery operator or an authorized sales outlet in accordance with the Act.

Lottery/Charitable Gaming

- Gross proceeds do not include any admission costs collected at any location where the lottery is also available to the public free of any admission charge.
- In the definition of lottery, a provision is added that tickets are issued under the Act, “either” (i) on paper or (ii) with the consent of the governing body of the county, city, or village conducting the lottery, digitally to a mobile or other device which, at the time of purchase, is verified to be present at the location of the lottery operator or an authorized sales outlet location.

Lottery/Charitable Gaming

- Additional payment methods were added which include debit card transactions of up to \$200 per day, the cash balance of a payment application, a transfer from a bank account, or an account established in the player's name with the operator and funded as provided under Neb. Rev. Stat. § 9-646.01.
- Credit cards are explicitly not accepted for payment.
- For play accounts established with operators, the accounts may only be funded in the same manner as described above.

Lottery/Charitable Gaming

- In addition, a player may deposit prize money and refunds into the same play account.
- All purchases of tickets must be made in person at a keno location. The operator will file with the DOR a list of locations using digital-on-premises ticket sales and will use “reasonable safeguards” approved by DOR to ensure the players are 19 years of age or older.

Lottery/Charitable Gaming

- Operators will submit controls to be approved by DOR for the following:
 - Procedures and technology partner used to fulfill the requirements set forth by DOR.
 - Any location detection procedures and require the boundaries to be limited to the boundaries of the property;
 - Any other controls designated by DOR;

Lottery/Charitable Gaming

- A process to prominently display and impose any limitation parameters relating to the purchase of a digital-on-premises ticket;
- An easy and obvious method for a player to make a complaint and to enable the player to notify DOR if such complaint has not been or cannot be addressed by the lottery operator.
- DOR may adopt rules and regulations related to digital-on-premises tickets, and such rules and regulations must be adopted by January 1, 2024.
- Neb. Rev. Stat. §9-204 amended to make it possible for bingo players to use an electronic monitoring device to either automatically or manually help mark drawn (selected) spots on a bingo card.

2023 Revenue Ruling

- Revenue Ruling 2023-1 Civil Court Adjusted Dollar Limitations for Debtor Exemptions
- Every five years, DOR must calculate adjusted dollar limitations for debtor exemptions in the Consumer Price Index





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Thank you!

