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DEPARTMENT OF REVENUE

# Federal/State Income Tax Institute

## Nebraska Updates 2022

Effective  
through  
December 6,  
2022

[revenue.nebraska.gov](https://revenue.nebraska.gov)

# Department of Revenue

Committed to helping taxpayers understand and meet their tax obligations.

Search Department of Revenue

SEARCH

## Featured Information

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

[Nebraska Property Tax Credit Information](#)

Updated (9/15/2022)

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

[Nebraska Higher Blend Tax Credit Act](#)

Updated (7/27/2022)

The 2022 Nebraska Legislative Changes are now available.

[2022 Nebraska Legislative Changes](#)

Updated (7/27/2022)

Check on the status of your refund here:

[Where's my refund?](#)

Updated (6/1/2022)



For Businesses



For Individuals



Tax Professionals



Property Assessment



Local Governments



For Businesses



For Individuals



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

- **Income Tax**
- **Nebraska Property Tax Incentive Act  
Credit**
- **Business Taxes**
- **Other Legislative Changes**
- **Revenue Rulings; Information Guides;  
and General Information Letters**

# **Income Tax**

# Individual and fiduciary maximum income tax rate change

LB 873 Reduces the maximum income tax rate for individuals and fiduciaries

Reduction to maximum income tax rate	Taxable Year Time Period
6.64%	January 1, 2023, and January 1, 2024
6.44%	January 1, 2024, and January 1, 2025
6.24%	January 1, 2025, and January 1, 2026
6.0%	January 1, 2026, and January 1, 2027
5.84%	After January 1, 2027

# Corporate maximum income tax rate change

LB 873 Reduces the maximum income tax rate for corporations for taxable income in excess of \$100,000

Reduction to maximum income tax rate	Taxable Year Time Period
6.50%	January 1, 2024, and January 1, 2025
6.24%	January 1, 2025, and January 1, 2026
6.0%	January 1, 2026, and January 1, 2027
5.84%	After January 1, 2027
<b>Note:</b>	The corporate rate for the first \$100,000 of Nebraska taxable income remains at 5.58%

# Phase Out of the Taxation of Social Security Benefits

LB 873 Accelerates the percentage of Social Security benefits excluded from federal AGI

Percentage adjustment of Social Security benefits to reduce federal AGI	Taxable Year Time Period
40%	January 1, 2022, and January 1, 2023
60%	January 1, 2023, and January 1, 2024
80%	January 1, 2024, and January 1, 2025
100%	After January 1, 2025



# Expansion of the Property Tax Credit for Property Taxes Paid

LB 873 expands the Nebraska Property Tax Incentive Act. The act amends the total amount of credits for property taxes paid in 2022 and 2023 and establishes an allowable growth percentage for future years. The amendments also provide a new refundable tax credit for any taxpayer who pays community college property taxes. The community college property taxes paid exclude any property taxes levied for (1) bonded indebtedness and (2) resulting from an override on property tax levies approved by the voters pursuant to Neb. Rev. Stat. § 77-3444.

The credit allowed to each taxpayer is equal to the credit percentage announced by the Nebraska Department of Revenue (DOR) multiplied by the amount of property taxes paid. A separate percentage applies to the school district and community college property taxes paid.

## LB 873 Total PTC by Taxable Year

### **School district property taxes paid:**

- \$548 million for 2022
- \$560.7 million for 2023
- Beginning after 2024 and is the total credits from prior year plus the allowable growth %

### **Community college property taxes paid:**

- \$50 million for 2022
- \$100 million for 2023
- \$125 million for 2024
- \$150 million for 2025
- \$195 million for 2026
- Beginning on or after 2027, total credits plus the allowable growth %

# The Nebraska Property Tax Credit

The screenshot shows a web browser window with the URL `revenue.nebraska.gov/about/nebraska-property-tax-credit`. The page features the Nebraska Department of Revenue logo and a navigation menu with categories like "Businesses", "Individuals", "Property Assessment", "Tax Professionals", "Local Government", and "About". A secondary menu includes "Subscribe to Notifications", "Law & Guidance", "Tax Calendar", "Motor Fuels", "Nebraska Lottery", "Charitable Gaming", "Tax Incentives", "Tax Research", and "Compliance". A search bar is present with the text "Search Department of Revenue" and a "SEARCH" button. The main content area has a heading "Nebraska Property Tax Credit" and a blue callout box with the text: "The Nebraska Department of Revenue (DOR) has created a GovDelivery subscription category called 'Nebraska Property Tax Credit.' [Click here](#) to learn more about this free subscription service, as well as sign up for automatic emails when DOR updates information about this program."

Nebraska Property Tax Credit

The Nebraska Department of Revenue (DOR) has created a GovDelivery subscription category called "Nebraska Property Tax Credit." [Click here](#) to learn more about this free subscription service, as well as sign up for automatic emails when DOR updates information about this program.

### **Claim your Property Tax Credit**

If you paid school district property taxes on Nebraska real estate and did not claim the school district credit, please consider claiming it now. This property tax relief program signed into law by Governor Ricketts provides a refundable credit of a portion of the school district property taxes you paid in 2020 and 2021.

To claim this credit, file an Amended Nebraska Property Tax Incentive Act Credit Computation, Forms PTCX. Easily complete the forms by using the Nebraska Property Tax Look-up Tool located on the DOR's website. The Look-up Tool will calculate the allowable property taxes paid during calendar year 2020 and 2021 according to the records of the county treasurer.

Visit [revenue.nebraska.gov/about/Nebraska-property-tax-credit](https://revenue.nebraska.gov/about/Nebraska-property-tax-credit) for more information or contact Taxpayer Assistance at 800-742-7474 (NE and IA) or 402-471-5729.

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# Amended Nebraska Property Tax Incentive Act Credit Computation

This form may only be used by individuals who previously filed their 2021 Form 1040N.

FORM PTCX  
2021

RESET

PRINT

Please Type or Print	Your First Name and Initial	Last Name	Please Do Not Write In This Space	
	If a Joint Return, Spouse's First Name and Initial	Last Name		
	Current Mailing Address (Number and Street or PO Box)			
City	State	Zip Code	Your Social Security Number	Spouse's Social Security Number

Check this box to indicate if the address provided is different from the most recent filing. Resulting overpayment will be refunded to this address.

## Part A — Computation of the Credit

1 School district property tax credit – taxes you paid in 2021 [Enter the result of line 4 multiplied by 25.3% (.253)]	1		00
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# Amended Nebraska Property Tax Incentive Act Credit Computation

This form may only be used by individuals who previously filed their 2020 Form 1040N.

FORM PTCX  
2020

RESET

PRINT

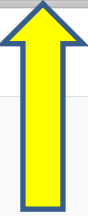
Please Type or Print	Your First Name and Initial	Last Name	Please Do Not Write In This Space	
	If a Joint Return, Spouse's First Name and Initial	Last Name		
	Current Mailing Address (Number and Street or PO Box)			
City	State	Zip Code	Your Social Security Number	Spouse's Social Security Number


Check this box to indicate if the address provided is different from the most recent filing. Resulting overpayment will be refunded to this address.

## Part A — Computation of the Credit

1 Total Nebraska school district property tax you paid on the parcels from line 5 below .....	1		00
---	---	--	----

## Nebraska School District Property Tax Look-up Tool



1 Search	2 Taxes	3 Printout
Year Property Taxes were Paid * 2021		
County Name * Select One		
Parcel ID Number *		<input type="button" value="County Parcel ID Search"/>
Property Tax Year * 2020		
Note: In most cases select the year prior to the year the property taxes were paid.		
<input type="checkbox"/> I'm not a robot 		
<input type="button" value="Reset"/>	<input type="button" value="Next"/>	

# Client Verification

- Ensure you have the proper client's name when completing a name search on the county's website or have client supply the parcel ID.
- If the parcel is paid by multiple taxpayers, verify the property tax your client actually paid to the county treasurer.
- If a property is purchased/sold, verify who paid the tax at closing.

# **PTC Buying and Selling Examples**

**Non-Douglas/Sarpy Counties  
(91 counties)  
Douglas/Sarpy Counties**



# Proration of Property Taxes

The proration is based on the number of days the seller and buyer owned the property. The proration is computed differently for parcels in Douglas and Sarpy Counties than in the other 91 Counties.

## 91 Counties

Taxes imposed in the year prior to sale - Seller

Estimated taxes in year of sale – Seller and buyer

Split based on days of ownership in year of the sale

## Douglas and Sarpy Counties:

Taxes imposed in the year prior to sale – Seller and Buyer

Estimated taxes imposed in year of sale - Buyer  
Split based on days of ownership in year of sale.

Estimated taxes imposed in year of sale - Buyer

Credits: The seller and buyer claim credits for their prorated property taxes.

Exception: Seller claims credit for property taxes paid prior to closing (Douglas and Sarpy Counties).

# Scenario 1: County Comparison

Sale Date 3/1/2022  
2021 Property Taxes Due: \$5,000  
2021 Taxes Paid before closing: \$0  
Property Taxes Accruing 2022: Unknown

---

2021 Seller's prorated taxes funded at closing.

## 91 Counties

Property tax year 2021 proration:

Days owned by seller (in 2021) 365

Days owned by buyer (in 2021) 0

Seller's credit to Buyer (closing statement) \$5,000

Eligible Taxes Paid in 2022:

Seller \$5,000

Buyer \$0

## Douglas and Sarpy Counties

Property tax year 2021 proration:

Days owned by seller (in 2022) 59

Days owned by buyer (in 2022) 306

Seller's credit to Buyer (closing statement) \$808

Eligible Property Tax Paid in 2022:

Seller (funded) \$808

Buyer \$4,192

Enter the eligible property taxes paid in the Look-up Tool.

# Scenario 1: County Comparison

Sale Date 3/1/2022  
2021 Property Taxes Due: \$5,000  
2021 Taxes Paid before closing: \$0  
Property Taxes Accruing 2022: Unknown

---

2022 Seller’s prorated taxes funded at closing.

## 91 Counties

## Douglas and Sarpy Counties

Property tax year 2022 proration:

Days owned by seller (in 2022)	59
Days owned by buyer (in 2022)	306
Seller’s credit to Buyer (closing statement)	\$808
Eligible Taxes Paid in 2023:	
Seller	\$808
Buyer	\$4,692

Property tax year 2022 proration:

Days owned by seller (in 2023)	0
Days owned by buyer (in 2023)	365
Eligible Property Tax Paid in 2023:	
Seller	\$0
Buyer	\$5,500

Enter the eligible property taxes paid in the Look-up Tool.

\$5,500 are the actual 2022 taxes that were unknown at closing.

# Scenario 2: County Comparison

Sale Date 7/1/2022  
 2021 Property Taxes Due: \$5,000  
 2021 Taxes Paid before closing: \$2,500  
 Property Taxes Accruing 2022: Unknown

2021 Seller’s prorated taxes funded at closing.

## 91 Counties

Property tax year 2021 proration:

Days owned by seller (in 2021)	365
Days owned by buyer (in 2021)	0
Seller’s credit to buyer (closing statement)	\$2,500
Eligible Taxes Paid in 2022:	
Seller	\$5,000
Buyer	\$0

## Douglas and Sarpy Counties

Property tax year 2021 proration:

Days owned by seller (in 2022)	181
Days owned by buyer (in 2022)	184
Eligible Property Tax Paid in 2022:	
Seller	\$2,500
Buyer	\$2,500

Enter the eligible property taxes paid in the Look-up Tool.

# Scenario 2: County Comparison

Sale Date 7/1/2022

2021 Property Taxes Due: \$5,000

2021 Taxes Paid before closing: \$2,500

Property Taxes Accruing 2022: Unknown

---

2022 Seller's prorated taxes funded at closing.

## 91 Counties

Property tax year 2022 proration:

Days owned by seller (in 2022) 181

Days owned by buyer (in 2022) 184

Seller's credit to Buyer (closing statement) \$2,479

Eligible Taxes Paid in 2023:

Seller \$2,479

Buyer \$3,021

## Douglas and Sarpy Counties

Property tax year 2022 proration:

Days owned by seller (in 2023) 0

Days owned by buyer (in 2023) 365

Eligible Property Tax Paid in 2023:

Seller \$0

Buyer \$5,500

Enter the eligible property taxes paid in the Look-up Tool.

\$5,500 are the actual 2022 taxes that were unknown at closing.

# Scenario 3: County Comparison

Sale Date 10/1/2022  
2021 Property Taxes Due: \$5,000  
2021 Taxes Paid before closing: \$5,000  
Property Taxes Accruing 2022: Unknown

2022 Seller's prorated taxes funded at closing.

## 91 Counties

Property tax year 2022 proration:

Days owned by seller (in 2022)	273
Days owned by buyer (in 2022)	92

Eligible Taxes Paid in 2023:

Seller	\$3,740
Buyer	\$1,760

## Douglas and Sarpy Counties

Property tax year 2022 proration:

Days owned by seller (in 2023)	0
Days owned by buyer (in 2023)	365

Eligible Property Tax Paid in 2023:

Seller	\$0
Buyer	\$5,500

Enter the eligible property taxes paid in the Look-up Tool.

\$5,500 are the actual 2022 taxes that were unknown at closing.



# General Income Tax

## Nebraska Standard Deductions

	2022	2023
• Single taxpayers	\$ 7,350	\$ 7,900
• Head of household	\$10,750	\$11,600
• Married, filing jointly	\$14,700	\$15,800
• Married, filing separately	\$ 7,350	\$ 7,900
• Qualifying Widow(er)	\$14,700	\$15,800

## Taxpayers Over Age 65 and/or Blind

- Taxpayers using married, filing jointly; married, filing separately; or qualifying widow(er) filing status, add \$1,500 per box checked.
- Taxpayers using single or head of household filing status, add \$1,850 per box checked.



# General Income Tax

## Individual Income Tax Brackets in 2022

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 – 6,860	\$0 – 6,410	\$0 – 3,440	2.46%
2	\$6,860 – 41,190	\$6,410 – 32,950	\$3,440 – 20,590	3.51%
3	\$41,190 – 66,360	\$32,950 – 49,200	\$20,590 – 33,180	5.01%
4	Over \$66,360	Over \$49,200	Over \$33,180	6.84%

## 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

2022 = \$146

2023 = \$157

# Income Tax

## **Change provisions relating to the taxation of military retirement benefits –** *(LB 387 – Operative January 1, 2022)*

For tax years beginning on or after January 1, 2022, LB 387 amended Neb. Rev. Stat. § 77-2716(14) to allow all military retirees to exclude 100% of the military retirement benefits from income subject to Nebraska income tax to the extent included in federal AGI. No election is necessary.

For tax years beginning on or after January 1, 2022, LB 387 provides that military retirement benefits attributable to service in the uniformed services include military retirement benefits reported on the IRS Form 1099-R, issued by either the U.S. Department of Defense or the U.S. Office of Personnel.

# E-file Requirement

## No Change to the Tax Preparer Individual Income Tax E-file Requirement

- Applies to tax preparers who filed 25 or more Nebraska individual income tax returns during the prior calendar year.
- All individual income tax returns they are paid to prepare during calendar year 2023 must be e-filed.
- The penalty is \$100 for each return not e-filed.

For more Information, see the Tax Preparer E-file Mandate FAQs on the DOR's website or Neb. Rev. Stat. § 77-1784.

# **Business Taxes**

# “New Business Owners” Register Your Business Online

## Eligible tax programs

- Sales and Use Tax
- Income Tax Withholding
- Business Income Tax
  - Corporation
  - Partnership
  - Fiduciary
  - Financial institution
- Miscellaneous Taxes
  - Litter Fee
  - Lodging Tax
  - Prepaid Wireless Surcharge
  - Severance and Conservation
  - Tire Fee

Note: Electronic registration is not available when adding additional tax programs.

# Filing Mandate

## Business Income Tax Filing Mandate

- For tax years beginning on or after January 1, 2019, all S Corporations, Limited Liability Companies, and Partnerships with Nebraska source income must file a Nebraska return.
- Nebraska State ID is required to e-file.
  - Prefix should not be used.
- Businesses with an existing Nebraska State ID should e-file using that number.
- Businesses that do not have an existing Nebraska ID number, should apply using the (DOR's) Online Nebraska Tax Application.

# Are you Contacting DOR For Account Information?

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## Power of Attorney

FORM  
**33**

### Taxpayer's Name and Address

Please Type or Print	Name of Taxpayer	Business Name
	Address (Street or Other Mailing Address)	Business Address (Street or Other Mailing Address)
	City State Zip Code	City State Zip Code
	Nebraska ID or Social Security Number	Federal ID or Social Security Number

### Attorney-in-fact's Name and Address (If more than two, see Designation of Attorney-in-fact in the instructions.)

Name	Name
Title or Firm Name	Title or Firm Name

Preparers must have a Nebraska Power of Attorney, Form 33, on file with the DOR to obtain Nebraska ID numbers, PINs, and other account information.

# E-file Mandate

## Business Income Tax Preparer E-Filing Mandate

- Any paid tax preparer who prepared and filed more than 25 corporate, S corporation, or partnership income tax returns during the 2022 calendar year is mandated to file all returns electronically during the 2023 calendar year.
- Form 1120N, 1120-SN, and 1065N.
- The penalty is \$100 for each return not e-filed.
- Hardship waiver may be granted by the Tax Commissioner if the tax preparer would be unduly burdened if forced to comply with the requirement.
- Waivers will be evaluated and approved or denied on a case by case basis.



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# Nebraska Return of Partnership Income

for the calendar year January 1, 2021 through December 31, 2021 or other taxable year  
beginning 2021, and ending

FORM 1065N  
2021

Please Type or Print	Name Doing Business As (dba)			PLEASE DO NOT WRITE IN THIS SPACE	
	Legal Name				
	Street or Other Mailing Address				
	City	State	Zip Code		
Principal Business Activity in Nebraska		Federal ID Number	Nebraska ID Number	Does the partnership have nonresident individual partners?	
				<input type="checkbox"/> YES (Complete Schedule II) <input type="checkbox"/> NO	
Type of Organization					
<input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input checked="" type="checkbox"/> Publicly Traded Partnership <input type="checkbox"/> Other (describe)					
Check if:					
(1) <input type="checkbox"/> Initial Return		(3) <input type="checkbox"/> Address Change		(5) <input type="checkbox"/> Amended Return	
(2) <input type="checkbox"/> Final Return (Example, dissolved. See instr.)		(4) <input type="checkbox"/> Name Change		(7) <input type="checkbox"/> Form 3800N, 775N, 312N, or 1107N Attached	
				(6) <input type="checkbox"/> Form 7004 Attached	
				(8) <input type="checkbox"/> Distributed Form 3800N Credit	

# 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.

# 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

# Changes in Local Sales Tax

The following city increased its sales and use tax rate:

- Effective April 1, 2022
  - Arapahoe 1.5%

The following village and city has started a local sales and use tax rate:

- Effective October 1, 2022
  - Bruning 1.5%
  - Humboldt 1.5%

# Changes in Local Sales Tax

The following city increased its sales and use tax rate:

- Effective October 1, 2022
  - Falls City                      2%
  - Gering                              2%
  - West Point                        2%

# Changes in Local Sales Tax

For the calendar quarter of January 1, 2023, the following changes will be made:

- Byron will start a local sales and use tax rate of 1%.
- Sutherland will start a local sales and use tax rate of 1.5%.
- Seward will increase its local sales and use tax rate from 1.5% to 2%.
- Gage County will terminate its 0.5% local sales and use tax rate.

With the termination of Gage County's local sales and use tax, there will only be local sales tax in the other cities and villages within Gage County that impose a local sales and use tax. These cities and villages are Beatrice (2%), Clatonia (0.5%), Cortland (1%), Odell (1%), and Wymore (1.5%).

Note: Effective 01/01/2023 Dakota County is the only county in Nebraska to impose a local sales and use tax.

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# **Other Legislative Changes**

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# Income Tax

## **Nonrefundable income tax credit for employers paying wages to certain employees convicted of a felony.**

*(LB 917 – Operative for taxable years beginning on or after January 1, 2023)*

For taxable years beginning on or after January 1, 2023, LB 917 provides a nonrefundable credit for employers that employ an individual who has been convicted of a felony in Nebraska or any other state (eligible employee). The credit will equal 10% of the wages paid by the employer to the eligible employee during the taxable year except:

- The credit is allowed only on the wages paid during the first 12 months of the eligible employee's employment with the employer, and
- The total credit with respect to one eligible employee cannot exceed \$20,000.

The nonrefundable income tax credit may be claimed on corporate, individual, or fiduciary income tax returns. The credit cannot be claimed or distributed by an S-Corporation, partnership, or LLC filing as an S-corporation or partnership.

The employer must apply for the nonrefundable tax credit by submitting an application to the DOR. The application will include:

- The number of eligible employees employed by the employer during the taxable year;
- The amount of wages paid to each eligible employee during the taxable year; and
- Any other information to verify the employer's eligibility for the credit.

The DOR will consider applications in the order received each year until the total amount of approved credits reaches \$5 million. If the employer qualifies for the nonrefundable tax credit, the DOR will approve the application and certify the amount of the approved credit to the employer.



# Income Tax

## **Deduction relating to student loan repayment assistance under the Teach in Nebraska Today Act.** ( LB 1218 – *Operative July 21, 2022*)

LB 1218 creates the Teach in Nebraska Today Act (Act). The Act provides an income tax deduction from the federal AGI for any amount received by the individual as student loan repayment assistance under the Act, to the extent included in federal AGI.

The Act is administered by the Nebraska Department of Education. To receive student loan repayment assistance, the individual must be a resident of Nebraska and teaching full-time or have a contract to teach full-time in Nebraska at the time of application.

Eligible applicants must submit applications to the Nebraska Department of Education before June 10, 2023, and no later than June 10 of each year thereafter. Loan repayment assistance is limited to \$5,000 per year, per application, for no more than 5 years. The total amount of student loan repayment assistance awarded under the Act cannot exceed \$5 million in any fiscal year.

Additional information may be found at [education.ne.gov](http://education.ne.gov) as it becomes available regarding eligibility and the application process.

# Income Tax

**Individual income tax deduction for health insurance premiums paid by retired law enforcement officers. (*LB 1273 – Operative for taxable years beginning on or after January 1, 2023*)**

LB 1273 provides an income tax deduction to federal AGI for the amount of health insurance premiums paid by a retired law enforcement officer to the extent the premiums were not previously deducted in determining the retiree's federal AGI. The retiree must meet the following requirements to claim the deduction:

- The retired individual was employed full time as a certified law enforcement officer for at least 20 years, and
- The individual must be at least 60 years of age as of the end of the taxable year the deduction is claimed.

**Changes to the Nebraska Educational Savings Plan Trust (*LB 864 – Operative July 21, 2022*)**

LB 864 expands the definition of benefits in the Nebraska educational savings plan to include qualified education loan payments for the beneficiary or a sibling of the beneficiary, not to exceed \$10,000 for all taxable years combined.

Qualified education loan payment means the payment of principal or interest on a qualified education loan as defined in 26 U.S.C. § 221(d), as such section existed on January 1, 2022, of the beneficiary or a sibling of the beneficiary as described in 26 U.S.C. § 152(d)(2)(B), as such section existed on January 1, 2022.

# Sales and Use Taxes

## Sales and Use Tax Exemption for Feminine Hygiene Products (**LB 984** – *Operative October 1, 2022*)

LB 984 exempts feminine hygiene products from sales and use tax. Feminine hygiene products are defined as: Tampons, panty liners, menstrual cups, sanitary napkins, and other similar tangible personal property designed for feminine hygiene in connection with the human menstrual cycle but does not include grooming and hygiene products. Grooming and hygiene products are defined as soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the items meet the definition of over-the-counter drug in Neb. Rev. Stat. § 77-2704.09.

# Sales and Use Taxes

## Sales and Use Tax Exemption for Net Wrap

*(LB 984 – Operative October 1, 2022)*

LB 984 exempts net wrap purchased for use in commercial agriculture from sales tax. Net wrap is defined to mean plastic wrap used in baling hay.

## Change sales and use tax collection fees

*(LB 984 – Operative October 1, 2022)*

LB 984 increases the amount businesses receive for collecting and remitting Nebraska sales taxes. The current collection fee retained per business location is 2.5 % of the first \$3,000 in sales taxes collected, resulting in a maximum of \$75 per month (\$900 per year). LB 984 increases the collection fee retained per business location to 3.0% of the first \$5,000 in sales taxes collected, resulting in a maximum of \$150 per month (\$1,800 per year).

# Sales and Use Taxes

## **Change Provisions of the Convention Center Facility Financing Assistance Act and the Sports Arena Facility Financing Assistance Act**

*(LB 927 – Operative July 21, 2022)*

LB 927 amended the Convention Center Facility Financing Assistance Act by allowing state assistance to be used to finance “nearby parking facilities” defined as parking lots, garages, or other parking structures that are not directly connected to the sports arena facility, but within 600 yards of the convention and meeting center facility. In addition, LB 927 allows state assistance to total \$150 million, instead of the previous \$75 million. LB 927 also amended the Sports Arena Facilities Financing Assistance Act to allow state assistance to be used to finance “nearby parking facilities” defined as parking lots, garages, or other parking structures that are not directly connected to the sports arena facility and are within 700 yards of the sports arena facility. In addition, the bill allows state assistance to total \$100 million, instead of the previous \$50 million, and eliminated the 20-year limit for state assistance.

# Tax Incentives

## **Expansion of the Nebraska Advantage Rural Redevelopment Act**

*(LB 1261 – Operative April 20, 2022)*

LB 1261 increased the annual cap for Livestock Modernization applications under the Nebraska Advantage Rural Development Act (Act) to \$10 million for calendar year 2022 and each calendar year thereafter. For applications filed after April 20, 2022, the maximum allowable credit for a Livestock Modernization application increased from \$150,000 to \$500,000. The sunset date for new applications under the Act was extended to December 31, 2027.

## **Change Provisions of the Nebraska Urban Redevelopment Act**

*(LB 1261 – Operative July 21, 2022)*

LB 1261 clarifies that the Urban Redevelopment Act allows more than one location to be part of the same agreement.

# Tax Incentives

## Creation of the Nebraska Higher Blend Tax Credit Act

*(LB 1261 – Operative July 21, 2022)*

Beginning with tax year 2022, retail dealers who sell ethanol blends of gasoline of E-15 or higher from motor fuel pumps at retail may receive a refundable income tax credit. The credit is equal to \$.05 for each gallon of E-15 and \$.08 for each gallon of E-25, E-30, and E-85 sold at retail in Nebraska during the prior calendar year. For calendar year 2022, the total credits are limited to \$2 million dollars. The annual limit for each calendar year thereafter will be calculated based on the prior calendar year credit limitation and the tax credits approved in the prior calendar year, not to exceed \$4 million.

Retail dealers may distribute tax credits to their partners, members, shareholders, or beneficiaries in the same manner that income is distributed. Tax credits may be used to offset an income tax, premium tax, or financial institution tax liability and any excess tax credits may be refunded or carried forward until fully utilized. A complete application must be submitted for each calendar year a retail dealer would like to receive Nebraska higher blend tax credits.

Applications will be considered by the DOR in the order they are received. The DOR began accepting applications on August 1, 2022. New applications will not be accepted after December 31, 2026.

# Tax Incentives

## Change Provisions of the Nebraska Advantage Act

*(LB1150 - Operative January 1, 2023)*

LB 1150 amends the Nebraska Advantage Act to allow taxpayers with a Tier 2 Large Data Center project and a sequential Tier 5 Large Data Center project to receive a direct pay permit and utilize a sales tax exemption in the place of a direct refund of sales and use taxes for purchases made during the entitlement period. The exemption covers sales and use taxes, including local taxes, paid on purchases, including rentals, listed in Neb. Rev. Stat. § 77-5725(2)(a), except that the exemption for subdivisions 77-5725(2)(a)(iii), (iv), and (v) are for the actual materials purchased.

Within 60 days of the effective date of January 1, 2023, the taxpayer will be issued a direct payment permit under Neb. Rev. Stat. § 77-2705.01, unless the taxpayer has opted out of the requirement. Taxpayers who have received the permit must pay and remit sales and use tax until they meet the required employment and investment levels. Once the taxpayer has met the required levels they receive the sales tax refund described in Neb. Rev. Stat. § 77-5725(2)(a). For any entitlement year in which the taxpayer is not at the required levels, they must report all sales and use taxes owed for the period on their tax return for the year.



# Tax Incentives

## Change Provisions of the ImagiNE Nebraska Act

*(LB 1150 – Operative Dates Indicated Below)*

LB 1150 amends the ImagiNE Nebraska Act to:

- Provide that the base year is 2019 for calculating employment if the year of application is 2021 or 2022 and the applicant increased staffing in 2020 or 2021 in response to the COVID-19 pandemic (*Operative July 21, 2022*);
- Allow time spent by employees who perform services for the taxpayer at a qualified location and in their Nebraska residence to be considered as working at a qualified location for the services performed at the employee's Nebraska residence under the ImagiNE Nebraska Act (*Operative July 21, 2022*);
- Require the applications to state that participating taxpayers provide: 1) the most recent tax valuation and levy rate for all qualified locations; 2) a program schedule of the job training activities related to credits used for job training payments; and 3) the city and state of residence of recruited employees related to credits used for talent recruitment payments (*Operative July 21, 2022*);
- Clarify that the time of investment for improvements to real estate is recognized on a percentage of completion basis (*Operative April 20, 2022*);
- Clarify the calculation of the withholding credit when the taxpayer uses an employee leasing company (*Operative April 20, 2022*); and
- Clarify that applications on the wait list will retain the same application date and base year as if they had been approved at the time of application (*Operative April 20, 2022*).

# Tax Incentives

## Miscellaneous Provisions of LB 1150

*(Operative Dates Indicated Below)*

LB 1150 also:

- Clarifies that Social Security numbers of employees of taxpayers are records that may be examined or make memoranda thereof by DOR.
- Synchronizes all incentive program reports issued by DOR to October 31<sup>st</sup> each year. The reports will be presented to the Appropriations and Revenue Committees at a joint hearing on or before December 15<sup>th</sup> of each even-numbered year, and all reporting will be on a fiscal year basis (*Operative April 20<sup>th</sup> 2022*); and
- Requires the DOR to notify municipalities of the metropolitan and primary classes by March 1 each year beginning in 2021 of the amounts of local option sales tax refunds owed by the municipalities under LB 775 and the Nebraska Advantage Act. Recovery of the refunds by the DOR will be in equal monthly installments beginning the following January 1 when the total of the refunds is more than \$1 million (*Operative January 1, 2023*).

# Nebraska Property Tax Incentive Act

*(LB 873 – Operative Date: July 21, 2022)*

- Neb. Rev. Stat. § 77-6706: Adds a refundable credit for property taxes paid.
  - these credits are established in 2022 at \$50 million dollars increasing each year to \$195 million in 2026 and then increasing by the allowable growth percentage each year thereafter.
- Neb. Rev. Stat. § 77-6703: Increases the amount of refundable income tax credits for school district taxes paid:
  - \$548 million dollars in 2022;
  - \$560.7 million dollars in 2023;
  - then increases those credits by the allowable growth percentage each year thereafter

# Property Assessment

## Residential Address Information

(LB 1178 – Operative Date: July 18, 2022)

- Neb. Rev. Stat. § 23-3211: LB 1178 adds judges as members of law enforcement who may apply to have their residential address withheld from the public by county assessors and registers of deeds. This bill includes all judges for all state and federal courts as well as specialty courts such as juvenile and worker's compensation.
- See Updated Form, Law Enforcement, Nebraska National Guard Law Enforcement, or Judge Application for Withholding Address from Public

# Miscellaneous

## Inheritance Taxes Reduced

*(LB 310 - Operative July 21, 2022)*

LB 310 increases the exemption amounts and reduces the inheritance tax rates for inheritances from decedents dying on or after January 1, 2023 as follows:

Relationship to decedent	Current exemption amount	LB 310 exemption amount	Current rate on the excess	LB 310 rate on the excess
Siblings and lineal descendants	\$40,000	\$100,000	1%	1%
Remote relatives	\$15,000	\$40,000	13%	11%
Nonrelatives	\$10,000	\$25,000	18%	15%

There is not an inheritance tax imposed on any beneficiary who is less than 22 years of age. LB 310 requires personal representatives to submit a report on inheritance taxes to the county treasurer after distributing the assets of the estate. Each county must submit a report to the DOR detailing the number of beneficiaries and the amount received for each class of beneficiary. Counties also report the number of nonresident beneficiaries. The report must be submitted by July 1 each year, beginning in 2023, and cover the prior calendar year.

# LB 310 Inheritance Tax Cuts

Relationship to decedent	Current exemption amount	LB 310 exemption amount	Current rate on the excess	LB 310 rate on the excess
Siblings and lineal descendants	\$40,000	\$100,000	1%	1%
Remote relatives	\$15,000	\$40,000	13%	11%
Nonrelatives	\$10,000	\$25,000	18%	15%

# Property Assessment

## Transfer of Personal Property by Small Estate Affidavit (*LB 1124 – Operative Date: July 18, 2022*)

- Neb. Rev. Stat. § 30-24,124: LB 1124 changes the maximum value of tangible personal property that may be transferred pursuant to an affidavit without probate from \$50,000 to \$100,000 dollars.

# Miscellaneous

## **Other Tobacco Products Tax (*LB 984 – Operative October 1, 2022*)**

LB 984 changed the collection fee percentage from 2.5% of the first \$3,000 to 3% of the first \$5,000 collected and the maximum amount from \$75 to \$150 per month.

## **Lodging Tax (*LB 984 – Operative October 1, 2022*)**

LB 984 changed the collection fee percentage from 2.5% on the first \$3,000 of lodging taxes to 3% of the first \$5,000 of lodging taxes and the maximum amount from \$75 to \$150 per month.



# **Revenue Rulings and Information Guides**

# 2022 Revenue Ruling

- Revenue Ruling 01-22-1, Sales and Use Tax, Rescinded Revenue Ruling 01-08-1, Sales and Use Tax Exemption for Qualified Materials for Use in a Community Based Energy Development Project.....02/17/2021
- Revenue Ruling 99-22-1, Interest rate to increase to 5% ..01/01/2023

# 2022 Sales and Use Tax Information Guides

- Auction Sales.....05/2022
- Animal Specialty Services.....05/2022
- Agricultural Machinery and equipment Sales Tax Exemption.....10/2022

# 2022 Sales and Use Tax Information Guides (Continued)

- Community Based Energy Development (C-Bed) Projects-Wind, Solar, Biomass, and Landfill Gas.....01/2022
- What to Expect During a sales Tax permit Suspension or Revocation Hearing.....08/2022

# 2022 Property Assessment Information Guides/Forms Updated

- Car Line and Air Carriers .....02/2022
- Homestead Exemption.....03/2022

For more information, please visit the Property Assessment Division's website at [www.revenue.Nebraska.gov/PAD](http://www.revenue.Nebraska.gov/PAD).

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**Thank you!**