

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 169**

Introduced by Brandt, 32; Dorn, 30.

Read first time January 13, 2025

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-382, 77-2701.16, and 77-3005, Revised Statutes Cumulative  
3 Supplement, 2024; to eliminate certain sales and use tax exemptions  
4 and impose sales and use taxes on certain services; to change the  
5 Mechanical Amusement Device Tax Act and the Tax Expenditure  
6 Reporting Act as prescribed; to harmonize provisions; to provide an  
7 operative date; to repeal the original sections; and to outright  
8 repeal sections 77-2704.53, 77-2704.56, 77-2704.65, and 77-2704.67,  
9 Reissue Revised Statutes of Nebraska.  
10 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: Railroad rolling stock and repair parts  
5 and services; common or contract carriers and repair parts and services;  
6 common or contract carrier accessories; and common or contract carrier  
7 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: Motor vehicle cleaning, maintenance, and repair  
18 services; ~~cleaning and repair of clothing~~; cleaning, maintenance, and  
19 repair of other tangible personal property; maintenance, painting, and  
20 repair of real property; entertainment admissions; the cutting of hair  
21 ~~personal care services~~; lawn care, gardening, and landscaping services;  
22 ~~pet-related services~~; storage and moving services; household utilities;  
23 other personal services; ~~taxi, limousine, and other transportation~~  
24 ~~services~~; legal services; accounting services; other professional  
25 services; and other real estate services; and

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

29 (3) It is the intent of the Legislature that nothing in the Tax  
30 Expenditure Reporting Act shall cause the valuation or assessment of any  
31 property exempt from taxation on the basis of its use exclusively for

1 religious, educational, or charitable purposes.

2 **Sec. 2.** Section 77-2701.16, Revised Statutes Cumulative Supplement,  
3 2024, is amended to read:

4 77-2701.16 (1) Gross receipts means the total amount of the sale or  
5 lease or rental price, as the case may be, of the retail sales of  
6 retailers.

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

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

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

23 (b) In the furnishing of telegraph service, the gross income  
24 received from the furnishing of intrastate and interstate telegraph  
25 services;

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

31 (ii) In the furnishing of electricity service to a customer-

1 generator as defined in section 70-2002, the net energy use upon billings  
2 or statements rendered to customer-generators for such electricity  
3 service;

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

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

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

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

1 transmitter link system means a system which serves as a conduit to  
2 deliver audio from its origin in a studio to a broadcast transmitter.

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

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

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

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

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

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

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

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

26 (e) The gross income received for services of recreational vehicle  
27 parks;

28 (f) The gross income received for labor for repair or maintenance  
29 services performed with regard to tangible personal property the sale of  
30 which would be subject to sales and use taxes, excluding motor vehicles,  
31 except as otherwise provided in section 77-2704.26 or 77-2704.50;

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

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

8 (i) The gross income received for providing chartered flights;

9 (j) The gross income received for the cleaning of clothing,  
10 excluding any amounts exempt pursuant to section 77-2704.14;

11 (k) The gross income received for dating services;

12 (l) The gross income received for hair care and hair removal  
13 services, except for the cutting of hair;

14 (m) The gross income received for interior design and decorating  
15 services;

16 (n) The gross income received for lobbying services;

17 (o) The gross income received for local passenger transportation by  
18 chartered road vehicles, including limousines and similar luxury  
19 vehicles;

20 (p) The gross income received for marketing and telemarketing  
21 services;

22 (q) The gross income received for massage services;

23 (r) The gross income received for nail care services;

24 (s) The gross income received for personal instruction services for  
25 dance, golf, or tennis;

26 (t) The gross income received for sightseeing services by ground  
27 vehicles;

28 (u) The gross income received for skin care services;

29 (v) The gross income received for swimming pool cleaning and  
30 maintenance services;

31 (w) The gross income received for tattoo and body modification



1 services;

2 (x) The gross income received for telefloral delivery services,  
3 defined as amounts received by florists in this state who make deliveries  
4 in this state pursuant to instructions received from florists in other  
5 states;

6 (y) The gross income received for travel agency services; and

7 (z) The gross income received for weight loss services.

8 (5) Gross receipts includes the sale of admissions. When an  
9 admission to an activity or a membership constituting an admission is  
10 combined with the solicitation of a contribution, the portion or the  
11 amount charged representing the fair market price of the admission shall  
12 be considered a retail sale subject to the tax imposed by section  
13 77-2703. The organization conducting the activity shall determine the  
14 amount properly attributable to the purchase of the privilege, benefit,  
15 or other consideration in advance, and such amount shall be clearly  
16 indicated on any ticket, receipt, or other evidence issued in connection  
17 with the payment.

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

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

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

26 (9) Gross receipts includes the retail sale of digital audio works,  
27 digital audiovisual works, digital codes, and digital books delivered  
28 electronically if the products are taxable when delivered on tangible  
29 storage media. A sale includes the transfer of a permanent right of use,  
30 the transfer of a right of use that terminates on some condition, and the  
31 transfer of a right of use conditioned upon the receipt of continued

1 payments.

2 (10) Gross receipts includes any receipts from sales of tangible  
3 personal property made over a multivendor marketplace platform that acts  
4 as the intermediary by facilitating sales between a seller and the  
5 purchaser and that, either directly or indirectly through agreements or  
6 arrangements with third parties, collects payment from the purchaser and  
7 transmits payment to the seller.

8 (11) Gross receipts does not include:

9 (a) The amount of any rebate granted by a motor vehicle or motorboat  
10 manufacturer or dealer at the time of sale of the motor vehicle or  
11 motorboat, which rebate functions as a discount from the sales price of  
12 the motor vehicle or motorboat; or

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

15 **Sec. 3.** Section 77-3005, Revised Statutes Cumulative Supplement,  
16 2024, is amended to read:

17 77-3005 (1) The occupation tax levied and imposed by the Mechanical  
18 Amusement Device Tax Act shall be in addition to any and all taxes or  
19 fees, of any form whatsoever, ~~now~~ imposed by the State of Nebraska upon  
20 the business of operating or distributing mechanical amusement devices,  
21 including sales and use tax on the gross receipts from the operation of  
22 mechanical amusement devices ~~except that payment of the tax and license~~  
23 ~~fees due and owing on or before the licensing date of each year shall~~  
24 ~~exempt any such mechanical amusement device from the application of the~~  
25 ~~sales tax which would or could otherwise be imposed under the Nebraska~~  
26 ~~Revenue Act of 1967. Nonpayment of the taxes or fees due and owing on or~~  
27 ~~before the licensing date of each year shall render the exemption~~  
28 ~~provided by this section inapplicable, and the particular mechanical~~  
29 ~~amusement devices shall then be subject to all the provisions of the~~  
30 ~~Nebraska Revenue Act of 1967, including the penalty provisions pertaining~~  
31 ~~to the distributor or operator of such mechanical amusement devices.~~

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

5           **Sec. 4.** This act becomes operative on October 1, 2025.

6           **Sec. 5.** Original sections 77-382, 77-2701.16, and 77-3005, Revised  
7 Statutes Cumulative Supplement, 2024, are repealed.

8           **Sec. 6.** The following sections are outright repealed: Sections  
9 77-2704.53, 77-2704.56, 77-2704.65, and 77-2704.67, Reissue Revised  
10 Statutes of Nebraska.