

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 950

Introduced by Linehan, 39.

Read first time January 04, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to occupation taxes; to amend sections 14-109,
- 2 15-202, 15-203, 16-205, 17-525, and 18-1208, Reissue Revised
- 3 Statutes of Nebraska; to change provisions relating to the
- 4 collection of occupation taxes; to harmonize provisions; and to
- 5 repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 14-109, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 14-109 (1)(a) The city council of a city of the metropolitan class
4 shall have power to tax for revenue, license, and regulate any person
5 within the limits of the city by ordinance except as otherwise provided
6 in this section. Such tax may include both a tax for revenue and license.
7 The city council may raise revenue by levying ~~and collecting~~ a tax on any
8 occupation or business within the limits of the city. After March 27,
9 2014, any occupation tax imposed pursuant to this section shall make a
10 reasonable classification of businesses, users of space, or kinds of
11 transactions for purposes of imposing such tax, except that no occupation
12 tax shall be imposed on any transaction which is subject to tax under
13 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,
14 or 77-4008 or which is exempt from tax under section 77-2704.24. The
15 occupation tax shall be imposed in the manner provided in section
16 18-1208, except that section 18-1208 does not apply to an occupation tax
17 subject to section 86-704. All such taxes shall be uniform in respect to
18 the class upon which they are imposed. All scientific and literary
19 lectures and entertainments shall be exempt from taxation, as well as
20 concerts and all other musical entertainments given exclusively by the
21 citizens of the city. It shall be the duty of the city clerk to deliver
22 to the city treasurer a copy of the ordinance levying such tax.

23 (b) For purposes of this subsection, limits of the city does not
24 include the extraterritorial zoning jurisdiction of such city.

25 (2) Any occupation tax imposed pursuant to this section shall be
26 collected as follows:

27 (a) Prior to January 1, 2025, the occupation tax shall be collected
28 by the city imposing such tax; and

29 (b) On and after January 1, 2025, the occupation tax shall be
30 collected by the Tax Commissioner. The Tax Commissioner shall collect the
31 occupation tax concurrently with collection of the state sales and use

1 tax in the same manner as the state sales and use tax is collected. The
2 Tax Commissioner shall remit monthly the proceeds of the occupation tax
3 to the city imposing the tax, after deducting three percent as an
4 administrative fee necessary to defray the cost of collecting the tax and
5 the expenses incident thereto. The Tax Commissioner shall keep full and
6 accurate records of all money received and distributed. All receipts from
7 the administrative fee shall be deposited in the state General Fund.

8 ~~(3)(a) (2)(a)~~ Except as otherwise provided in subdivision (c) of
9 this subsection, the city council shall also have the power to require
10 any individual whose primary residence or person who owns a place of
11 business which is within the limits of the city and that owns and
12 operates a motor vehicle within such limits to annually register such
13 motor vehicle in such manner as may be provided and to require such
14 person to pay an annual motor vehicle fee therefor and to require the
15 payment of such fee upon the change of ownership of such vehicle. All
16 such fees which may be provided for under this subsection shall be
17 credited to a separate fund of the city, thereby created, to be used
18 exclusively for constructing, repairing, maintaining, or improving
19 streets, roads, alleys, public ways, or parts of such streets, roads,
20 alleys, or ways or for the amortization of bonded indebtedness when
21 created for such purposes.

22 (b) No motor vehicle fee shall be required under this subsection if
23 (i) a vehicle is used or stored but temporarily in such city for a period
24 of six months or less in a twelve-month period, (ii) an individual does
25 not have a primary residence or a person does not own a place of business
26 within the limits of the city and does not own and operate a motor
27 vehicle within the limits of the city, or (iii) an individual is a full-
28 time student attending a postsecondary institution within the limits of
29 the city and the motor vehicle's situs under the Motor Vehicle
30 Certificate of Title Act is different from the place at which he or she
31 is attending such institution.

1 (c) After December 31, 2012, no motor vehicle fee shall be required
2 of any individual whose primary residence is within the extraterritorial
3 zoning jurisdiction of such city or any person who owns a place of
4 business within such jurisdiction.

5 (d) For purposes of this subsection, limits of the city includes the
6 extraterritorial zoning jurisdiction of such city.

7 (4) ~~(3)~~ For purposes of this section, person includes bodies
8 corporate, societies, communities, the public generally, individuals,
9 partnerships, limited liability companies, joint-stock companies,
10 cooperatives, and associations. Person does not include any federal,
11 state, or local government or any political subdivision thereof.

12 Sec. 2. Section 15-202, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 15-202 (1) A city of the primary class shall have the power to levy
15 taxes for general revenue purposes on all property within the corporate
16 limits of the city taxable according to the laws of Nebraska and to levy
17 an occupation tax on public service property or corporations in such
18 amounts as may be proper and necessary, in the judgment of the mayor and
19 city council, for purposes of revenue. All such taxes shall be uniform
20 with respect to the class upon which they are imposed. The occupation tax
21 may be based upon a certain percentage of the gross receipts of such
22 public service corporation or upon such other basis as may be determined
23 upon by the mayor and city council. After March 27, 2014, any occupation
24 tax imposed pursuant to this section shall make a reasonable
25 classification of businesses, users of space, or kinds of transactions
26 for purposes of imposing such tax, except that no occupation tax shall be
27 imposed on any transaction which is subject to tax under section 53-160,
28 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or
29 which is exempt from tax under section 77-2704.24. The occupation tax
30 shall be imposed in the manner provided in section 18-1208, except that
31 section 18-1208 does not apply to an occupation tax subject to section

1 86-704.

2 (2) Any occupation tax imposed pursuant to this section shall be
3 collected as follows:

4 (a) Prior to January 1, 2025, the occupation tax shall be collected
5 by the city imposing such tax; and

6 (b) On and after January 1, 2025, the occupation tax shall be
7 collected by the Tax Commissioner. The Tax Commissioner shall collect the
8 occupation tax concurrently with collection of the state sales and use
9 tax in the same manner as the state sales and use tax is collected. The
10 Tax Commissioner shall remit monthly the proceeds of the occupation tax
11 to the city imposing the tax, after deducting three percent as an
12 administrative fee necessary to defray the cost of collecting the tax and
13 the expenses incident thereto. The Tax Commissioner shall keep full and
14 accurate records of all money received and distributed. All receipts from
15 the administrative fee shall be deposited in the state General Fund.

16 Sec. 3. Section 15-203, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 15-203 (1) A city of the primary class shall have power to raise
19 revenue by levying and ~~collecting~~ a license or occupation tax on any
20 person, partnership, limited liability company, corporation, or business
21 within the limits of the city and regulate the same by ordinance except
22 as otherwise provided in this section and in section 15-212. After March
23 27, 2014, any occupation tax imposed pursuant to this section shall make
24 a reasonable classification of businesses, users of space, or kinds of
25 transactions for purposes of imposing such tax, except that no occupation
26 tax shall be imposed on any transaction which is subject to tax under
27 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,
28 or 77-4008 or which is exempt from tax under section 77-2704.24. The
29 occupation tax shall be imposed in the manner provided in section
30 18-1208, except that section 18-1208 does not apply to an occupation tax
31 subject to section 86-704. All such taxes shall be uniform in respect to

1 the class upon which they are imposed. All scientific and literary
2 lectures and entertainments shall be exempt from such taxation as well as
3 concerts and all other musical entertainments given exclusively by the
4 citizens of the city.

5 (2) Any occupation tax imposed pursuant to this section shall be
6 collected as follows:

7 (a) Prior to January 1, 2025, the occupation tax shall be collected
8 by the city imposing such tax; and

9 (b) On and after January 1, 2025, the occupation tax shall be
10 collected by the Tax Commissioner. The Tax Commissioner shall collect the
11 occupation tax concurrently with collection of the state sales and use
12 tax in the same manner as the state sales and use tax is collected. The
13 Tax Commissioner shall remit monthly the proceeds of the occupation tax
14 to the city imposing the tax, after deducting three percent as an
15 administrative fee necessary to defray the cost of collecting the tax and
16 the expenses incident thereto. The Tax Commissioner shall keep full and
17 accurate records of all money received and distributed. All receipts from
18 the administrative fee shall be deposited in the state General Fund.

19 Sec. 4. Section 16-205, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 16-205 (1) A city of the first class may raise revenue by levying
22 ~~and collecting~~ a license or occupation tax on any person, partnership,
23 limited liability company, corporation, or business within the limits of
24 the city and may regulate the same by ordinance. After March 27, 2014,
25 any occupation tax imposed pursuant to this section shall make a
26 reasonable classification of businesses, users of space, or kinds of
27 transactions for purposes of imposing such tax, except that no occupation
28 tax shall be imposed on any transaction which is subject to tax under
29 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,
30 or 77-4008 or which is exempt from tax under section 77-2704.24. The
31 occupation tax shall be imposed in the manner provided in section

1 18-1208, except that section 18-1208 does not apply to an occupation tax
2 subject to section 86-704. All such taxes shall be uniform in respect to
3 the class upon which they are imposed. All scientific and literary
4 lectures and entertainments shall be exempt from such taxation as well as
5 concerts and all other musical entertainments given exclusively by the
6 citizens of the city.

7 (2) Any occupation tax imposed pursuant to this section shall be
8 collected as follows:

9 (a) Prior to January 1, 2025, the occupation tax shall be collected
10 by the city imposing such tax; and

11 (b) On and after January 1, 2025, the occupation tax shall be
12 collected by the Tax Commissioner. The Tax Commissioner shall collect the
13 occupation tax concurrently with collection of the state sales and use
14 tax in the same manner as the state sales and use tax is collected. The
15 Tax Commissioner shall remit monthly the proceeds of the occupation tax
16 to the city imposing the tax, after deducting three percent as an
17 administrative fee necessary to defray the cost of collecting the tax and
18 the expenses incident thereto. The Tax Commissioner shall keep full and
19 accurate records of all money received and distributed. All receipts from
20 the administrative fee shall be deposited in the state General Fund.

21 Sec. 5. Section 17-525, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 17-525 (1) Cities of the second class and villages shall have power
24 to raise revenue by levying and ~~collecting~~ a license tax on any
25 occupation or business within the limits of the city or village and
26 regulate such occupation or business by ordinance. After March 27, 2014,
27 any occupation tax imposed pursuant to this section shall make a
28 reasonable classification of businesses, users of space, or kinds of
29 transactions for purposes of imposing such tax, except that no occupation
30 tax shall be imposed on any transaction which is subject to tax under
31 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,

1 or 77-4008 or which is exempt from tax under section 77-2704.24. The
2 occupation tax shall be imposed in the manner provided in section
3 18-1208, except that section 18-1208 does not apply to an occupation tax
4 subject to section 86-704. All such taxes shall be uniform in respect to
5 the classes upon which they are imposed. All scientific and literary
6 lectures and entertainments shall be exempt from such taxation, as well
7 as concerts and other musical entertainments given exclusively by the
8 citizens of the city or village.

9 (2) Any occupation tax imposed pursuant to this section shall be
10 collected as follows:

11 (a) Prior to January 1, 2025, the occupation tax shall be collected
12 by the city or village imposing such tax; and

13 (b) On and after January 1, 2025, the occupation tax shall be
14 collected by the Tax Commissioner. The Tax Commissioner shall collect the
15 occupation tax concurrently with collection of the state sales and use
16 tax in the same manner as the state sales and use tax is collected. The
17 Tax Commissioner shall remit monthly the proceeds of the occupation tax
18 to the city or village imposing the tax, after deducting three percent as
19 an administrative fee necessary to defray the cost of collecting the tax
20 and the expenses incident thereto. The Tax Commissioner shall keep full
21 and accurate records of all money received and distributed. All receipts
22 from the administrative fee shall be deposited in the state General Fund.

23 Sec. 6. Section 18-1208, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 18-1208 (1) Except as otherwise provided in this section, after July
26 19, 2012, a municipality may impose a new occupation tax or increase the
27 rate of an existing occupation tax, which new occupation tax or increased
28 rate of an existing occupation tax is projected to generate annual
29 occupation tax revenue in excess of the applicable amount listed in
30 subsection (2) of this section, pursuant to section 14-109, 15-202,
31 15-203, 16-205, or 17-525 if the question of whether to impose the tax or

1 increase the rate of an existing occupation tax has been submitted at an
2 election held within the municipality and in which all registered voters
3 shall be entitled to vote on the question. The officials of the
4 municipality shall order the submission of the question by submitting a
5 certified copy of the resolution proposing the tax or tax rate increase
6 to the election commissioner or county clerk at least fifty days before
7 the election. The election shall be conducted in accordance with the
8 Election Act. If a majority of the votes cast upon the question are in
9 favor of the new tax or increased rate of an existing occupation tax,
10 then the governing body of such municipality shall be empowered to impose
11 the new tax or to impose the increased tax rate. If a majority of those
12 voting on the question are opposed to the new tax or increased rate, then
13 the governing body of the municipality shall not impose the new tax or
14 increased rate but shall maintain any existing occupation tax at its
15 current rate.

16 (2) The applicable amount of annual revenue for each new occupation
17 tax or annual revenue raised by the increased rate for an existing
18 occupation tax for purposes of subsection (1) of this section is:

- 19 (a) For cities of the metropolitan class, six million dollars;
- 20 (b) For cities of the primary class, three million dollars;
- 21 (c) For cities of the first class, seven hundred thousand dollars;
- 22 and
- 23 (d) For cities of the second class and villages, three hundred
24 thousand dollars.

25 (3) After July 19, 2012, a municipality shall not be required to
26 submit the following questions to the registered voters:

27 (a) Whether to change the rate of an occupation tax imposed for a
28 specific project which does not provide for deposit of the tax proceeds
29 in the municipality's general fund; or

30 (b) Whether to terminate an occupation tax earlier than the
31 determinable termination date under the original question submitted to

1 the registered voters.

2 This subsection applies to occupation taxes imposed prior to, on, or
3 after July 19, 2012.

4 (4) The provisions of this section do not apply to an occupation tax
5 subject to section 86-704.

6 (5) No later than ninety days after the end of the fiscal year, each
7 municipality that imposes or increases any occupation tax as provided
8 under this section shall provide an annual report on ~~the collection and~~
9 ~~use of~~ such occupation tax. The report shall be posted on the
10 municipality's public website or made available for public inspection at
11 a location designated by the municipality. The report shall include, but
12 not be limited to:

13 (a) A list of all such occupation taxes ~~collected by the~~
14 ~~municipality~~;

15 (b) The amount generated annually by each such occupation tax;

16 (c) Whether funds generated by each such occupation tax are
17 deposited in the general fund, cash funds, or other funds of the
18 municipality;

19 (d) Whether any such occupation tax is dedicated for a specific
20 purpose, and if so, the amount dedicated for such purpose; and

21 (e) The scheduled or projected termination date, if any, of each
22 such occupation tax.

23 Sec. 7. Original sections 14-109, 15-202, 15-203, 16-205, 17-525,
24 and 18-1208, Reissue Revised Statutes of Nebraska, are repealed.