

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 270**

Introduced by Rountree, 3.

Read first time January 15, 2025

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section  
2 77-2711, Revised Statutes Cumulative Supplement, 2024; to provide  
3 for an audit by the Auditor of Public Accounts for suspected tax  
4 reporting irregularities or discrepancies; to create an exception to  
5 the disclosure of confidential tax information by municipalities;  
6 and to repeal the original section.

7 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 77-2711, Revised Statutes Cumulative Supplement,  
2 2024, is amended to read:

3           77-2711 (1)(a) The Tax Commissioner shall enforce sections  
4 77-2701.04 to 77-2713 and may prescribe, adopt, and enforce rules and  
5 regulations relating to the administration and enforcement of such  
6 sections.

7           (b) The Tax Commissioner may prescribe the extent to which any  
8 ruling or regulation shall be applied without retroactive effect.

9           (2) The Tax Commissioner may employ accountants, auditors,  
10 investigators, assistants, and clerks necessary for the efficient  
11 administration of the Nebraska Revenue Act of 1967 and may delegate  
12 authority to his or her representatives to conduct hearings, prescribe  
13 regulations, or perform any other duties imposed by such act.

14           (3)(a) Every seller, every retailer, and every person storing,  
15 using, or otherwise consuming in this state property purchased from a  
16 retailer shall keep such records, receipts, invoices, and other pertinent  
17 papers in such form as the Tax Commissioner may reasonably require.

18           (b) Every such seller, retailer, or person shall keep such records  
19 for not less than three years from the making of such records unless the  
20 Tax Commissioner in writing sooner authorized their destruction.

21           (4) The Tax Commissioner or any person authorized in writing by him  
22 or her may examine the books, papers, records, and equipment of any  
23 person selling property and any person liable for the use tax and may  
24 investigate the character of the business of the person in order to  
25 verify the accuracy of any return made or, if no return is made by the  
26 person, to ascertain and determine the amount required to be paid. In the  
27 examination of any person selling property or of any person liable for  
28 the use tax, an inquiry shall be made as to the accuracy of the reporting  
29 of city and county sales and use taxes for which the person is liable  
30 under the Local Option Revenue Act or sections 13-319, 13-324, 13-2813,  
31 and 77-6403 and the accuracy of the allocation made between the various

1 counties, cities, villages, and municipal counties of the tax due. The  
2 Tax Commissioner may make or cause to be made copies of resale or  
3 exemption certificates and may pay a reasonable amount to the person  
4 having custody of the records for providing such copies.

5 (5) The taxpayer shall have the right to keep or store his or her  
6 records at a point outside this state and shall make his or her records  
7 available to the Tax Commissioner at all times.

8 (6) In administration of the use tax, the Tax Commissioner may  
9 require the filing of reports by any person or class of persons having in  
10 his, her, or their possession or custody information relating to sales of  
11 property, the storage, use, or other consumption of which is subject to  
12 the tax. The report shall be filed when the Tax Commissioner requires and  
13 shall set forth the names and addresses of purchasers of the property,  
14 the sales price of the property, the date of sale, and such other  
15 information as the Tax Commissioner may require.

16 (7) It shall be a Class I misdemeanor for the Tax Commissioner or  
17 any official or employee of the Tax Commissioner, the State Treasurer, or  
18 the Department of Administrative Services to make known in any manner  
19 whatever the business affairs, operations, or information obtained by an  
20 investigation of records and activities of any retailer or any other  
21 person visited or examined in the discharge of official duty or the  
22 amount or source of income, profits, losses, expenditures, or any  
23 particular thereof, set forth or disclosed in any return, or to permit  
24 any return or copy thereof, or any book containing any abstract or  
25 particulars thereof to be seen or examined by any person not connected  
26 with the Tax Commissioner. Nothing in this section shall be construed to  
27 prohibit (a) the delivery to a taxpayer, his or her duly authorized  
28 representative, or his or her successors, receivers, trustees, executors,  
29 administrators, assignees, or guarantors, if directly interested, of a  
30 certified copy of any return or report in connection with his or her tax,  
31 (b) the publication of statistics so classified as to prevent the

1 identification of particular reports or returns and the items thereof,  
2 (c) the inspection by the Attorney General, other legal representative of  
3 the state, or county attorney of the reports or returns of any taxpayer  
4 when either (i) information on the reports or returns is considered by  
5 the Attorney General to be relevant to any action or proceeding  
6 instituted by the taxpayer or against whom an action or proceeding is  
7 being considered or has been commenced by any state agency or the county  
8 or (ii) the taxpayer has instituted an action to review the tax based  
9 thereon or an action or proceeding against the taxpayer for collection of  
10 tax or failure to comply with the Nebraska Revenue Act of 1967 is being  
11 considered or has been commenced, (d) the furnishing of any information  
12 to the United States Government or to states allowing similar privileges  
13 to the Tax Commissioner, (e) the disclosure of information and records to  
14 a collection agency contracting with the Tax Commissioner pursuant to  
15 sections 77-377.01 to 77-377.04, (f) the disclosure to another party to a  
16 transaction of information and records concerning the transaction between  
17 the taxpayer and the other party, (g) the disclosure of information  
18 pursuant to section 77-27,195, 77-5731, 77-6837, 77-6839, or 77-6928, or  
19 (h) the disclosure of information to the Department of Labor necessary  
20 for the administration of the Employment Security Law, the Contractor  
21 Registration Act, or the Employee Classification Act.

22 (8) Notwithstanding the provisions of subsection (7) of this  
23 section, the Tax Commissioner may permit the Postal Inspector of the  
24 United States Postal Service or his or her delegates to inspect the  
25 reports or returns of any person filed pursuant to the Nebraska Revenue  
26 Act of 1967 when information on the reports or returns is relevant to any  
27 action or proceeding instituted or being considered by the United States  
28 Postal Service against such person for the fraudulent use of the mails to  
29 carry and deliver false and fraudulent tax returns to the Tax  
30 Commissioner with the intent to defraud the State of Nebraska or to evade  
31 the payment of Nebraska state taxes.

1           (9) Notwithstanding the provisions of subsection (7) of this  
2 section, the Tax Commissioner may permit other tax officials of this  
3 state to inspect the tax returns, reports, and applications filed under  
4 sections 77-2701.04 to 77-2713, but such inspection shall be permitted  
5 only for purposes of enforcing a tax law and only to the extent and under  
6 the conditions prescribed by the rules and regulations of the Tax  
7 Commissioner.

8           (10) Notwithstanding the provisions of subsection (7) of this  
9 section, the Tax Commissioner may, upon request, provide the county board  
10 of any county which has exercised the authority granted by section  
11 81-3716 with a list of the names and addresses of the hotels located  
12 within the county for which lodging sales tax returns have been filed or  
13 for which lodging sales taxes have been remitted for the county's County  
14 Visitors Promotion Fund under the Nebraska Visitors Development Act.

15           The information provided by the Tax Commissioner shall indicate only  
16 the names and addresses of the hotels located within the requesting  
17 county for which lodging sales tax returns have been filed for a  
18 specified period and the fact that lodging sales taxes remitted by or on  
19 behalf of the hotel have constituted a portion of the total sum remitted  
20 by the state to the county for a specified period under the provisions of  
21 the Nebraska Visitors Development Act. No additional information shall be  
22 revealed.

23           (11)(a) Notwithstanding the provisions of subsection (7) of this  
24 section, the Tax Commissioner shall, upon written request by the Auditor  
25 of Public Accounts or the office of Legislative Audit, make tax returns  
26 and tax return information open to inspection by or disclosure to the  
27 Auditor of Public Accounts or employees of the office of Legislative  
28 Audit for the purpose of and to the extent necessary in making an audit  
29 of the Department of Revenue pursuant to section 50-1205, ~~or~~ 84-304, or  
30 subsection (14) of this section. Confidential tax returns and tax return  
31 information shall be audited only upon the premises of the Department of

1 Revenue. All audit work papers pertaining to the audit of the Department  
2 of Revenue shall be stored in a secure place in the Department of  
3 Revenue.

4 (b) No employee of the Auditor of Public Accounts or the office of  
5 Legislative Audit shall disclose to any person, other than another  
6 Auditor of Public Accounts or office employee whose official duties  
7 require such disclosure, any return or return information described in  
8 the Nebraska Revenue Act of 1967 in a form which can be associated with  
9 or otherwise identify, directly or indirectly, a particular taxpayer.

10 (c) Any person who violates the provisions of this subsection shall  
11 be guilty of a Class I misdemeanor. For purposes of this subsection,  
12 employee includes a former Auditor of Public Accounts or office of  
13 Legislative Audit employee.

14 (12) For purposes of this subsection and subsections (11) and (14)  
15 of this section:

16 (a) Disclosure means the making known to any person in any manner a  
17 tax return or return information;

18 (b) Return information means:

19 (i) A taxpayer's identification number and (A) the nature, source,  
20 or amount of his or her income, payments, receipts, deductions,  
21 exemptions, credits, assets, liabilities, net worth, tax liability, tax  
22 withheld, deficiencies, over assessments, or tax payments, whether the  
23 taxpayer's return was, is being, or will be examined or subject to other  
24 investigation or processing or (B) any other data received by, recorded  
25 by, prepared by, furnished to, or collected by the Tax Commissioner with  
26 respect to a return or the determination of the existence or possible  
27 existence of liability or the amount of liability of any person for any  
28 tax, penalty, interest, fine, forfeiture, or other imposition or offense;  
29 and

30 (ii) Any part of any written determination or any background file  
31 document relating to such written determination; and

1 (c) Tax return or return means any tax or information return or  
2 claim for refund required by, provided for, or permitted under sections  
3 77-2701 to 77-2713 which is filed with the Tax Commissioner by, on behalf  
4 of, or with respect to any person and any amendment or supplement  
5 thereto, including supporting schedules, attachments, or lists which are  
6 supplemental to or part of the filed return.

7 (13) Notwithstanding the provisions of subsection (7) of this  
8 section, the Tax Commissioner shall, upon request, provide any  
9 municipality which has adopted the local option sales tax under the Local  
10 Option Revenue Act with a list of the names and addresses of the  
11 retailers which have collected the local option sales tax for the  
12 municipality. The request may be made annually and shall be submitted to  
13 the Tax Commissioner on or before June 30 of each year. The information  
14 provided by the Tax Commissioner shall indicate only the names and  
15 addresses of the retailers. The Tax Commissioner may provide additional  
16 information to a municipality so long as the information does not include  
17 any data detailing the specific revenue, expenses, or operations of any  
18 particular business.

19 (14)(a) Notwithstanding the provisions of subsection (7) of this  
20 section, the Tax Commissioner shall, upon written request, provide an  
21 individual certified under subdivision (b) of this subsection  
22 representing a municipality which has adopted the local option sales and  
23 use tax under the Local Option Revenue Act with confidential sales and  
24 use tax returns and sales and use tax return information regarding  
25 taxpayers that possess a sales tax permit and the amounts remitted by  
26 such permitholders at locations within the boundaries of the requesting  
27 municipality or with confidential business use tax returns and business  
28 use tax return information regarding taxpayers that file a Nebraska and  
29 Local Business Use Tax Return and the amounts remitted by such taxpayers  
30 at locations within the boundaries of the requesting municipality. Any  
31 written request pursuant to this subsection shall provide the Department

1 of Revenue with no less than ten business days to prepare the sales and  
2 use tax returns and sales and use tax return information requested. The  
3 individual certified under subdivision (b) of this subsection shall  
4 review such returns and return information only upon the premises of the  
5 department, except that such limitation shall not apply if the certifying  
6 municipality has an agreement in effect under the Nebraska Advantage  
7 Transformational Tourism and Redevelopment Act. In such case, the  
8 individual certified under subdivision (b) of this subsection may request  
9 that copies of such returns and return information be sent to him or her  
10 by electronic transmission, secured in a manner as determined by the Tax  
11 Commissioner.

12 (b) Each municipality that seeks to request information under  
13 subdivision (a) of this subsection shall certify to the Department of  
14 Revenue one individual who is authorized by such municipality to make  
15 such request and review the documents described in subdivision (a) of  
16 this subsection. The individual may be a municipal employee or an  
17 individual who contracts with the requesting municipality to provide  
18 financial, accounting, or other administrative services.

19 (c) If upon review of the documents described in subdivision (a) of  
20 this subsection the individual certified by a municipality pursuant to  
21 subdivision (b) of this subsection identifies a suspected irregularity or  
22 discrepancy, such individual may provide notification of the suspected  
23 irregularity or discrepancy to the Auditor of Public Accounts who may  
24 conduct an audit as provided in subsection (11) of this section.

25 (d) ~~(e)~~ No individual certified by a municipality pursuant to  
26 subdivision (b) of this subsection shall disclose to any person any  
27 information obtained pursuant to a review under this subsection except as  
28 provided in subdivision (c) of this subsection. An individual certified  
29 by a municipality pursuant to subdivision (b) of this subsection shall  
30 remain subject to this subsection after he or she (i) is no longer  
31 certified or (ii) is no longer in the employment of or under contract



1 with the certifying municipality.

2 (e) ~~(d)~~ Any person who violates the provisions of this subsection  
3 shall be guilty of a Class I misdemeanor.

4 (f) ~~(e)~~ The Department of Revenue shall not be held liable by any  
5 person for an impermissible disclosure by a municipality or any agent or  
6 employee thereof of any information obtained pursuant to a review under  
7 this subsection.

8 (15) In all proceedings under the Nebraska Revenue Act of 1967, the  
9 Tax Commissioner may act for and on behalf of the people of the State of  
10 Nebraska. The Tax Commissioner in his or her discretion may waive all or  
11 part of any penalties provided by the provisions of such act or interest  
12 on delinquent taxes specified in section 45-104.02, as such rate may from  
13 time to time be adjusted.

14 (16)(a) The purpose of this subsection is to set forth the state's  
15 policy for the protection of the confidentiality rights of all  
16 participants in the system operated pursuant to the streamlined sales and  
17 use tax agreement and of the privacy interests of consumers who deal with  
18 model 1 sellers.

19 (b) For purposes of this subsection:

20 (i) Anonymous data means information that does not identify a  
21 person;

22 (ii) Confidential taxpayer information means all information that is  
23 protected under a member state's laws, regulations, and privileges; and

24 (iii) Personally identifiable information means information that  
25 identifies a person.

26 (c) The state agrees that a fundamental precept for model 1 sellers  
27 is to preserve the privacy of consumers by protecting their anonymity.  
28 With very limited exceptions, a certified service provider shall perform  
29 its tax calculation, remittance, and reporting functions without  
30 retaining the personally identifiable information of consumers.

31 (d) The governing board of the member states in the streamlined

1 sales and use tax agreement may certify a certified service provider only  
2 if that certified service provider certifies that:

3 (i) Its system has been designed and tested to ensure that the  
4 fundamental precept of anonymity is respected;

5 (ii) Personally identifiable information is only used and retained  
6 to the extent necessary for the administration of model 1 with respect to  
7 exempt purchasers;

8 (iii) It provides consumers clear and conspicuous notice of its  
9 information practices, including what information it collects, how it  
10 collects the information, how it uses the information, how long, if at  
11 all, it retains the information, and whether it discloses the information  
12 to member states. Such notice shall be satisfied by a written privacy  
13 policy statement accessible by the public on the website of the certified  
14 service provider;

15 (iv) Its collection, use, and retention of personally identifiable  
16 information is limited to that required by the member states to ensure  
17 the validity of exemptions from taxation that are claimed by reason of a  
18 consumer's status or the intended use of the goods or services purchased;  
19 and

20 (v) It provides adequate technical, physical, and administrative  
21 safeguards so as to protect personally identifiable information from  
22 unauthorized access and disclosure.

23 (e) The state shall provide public notification to consumers,  
24 including exempt purchasers, of the state's practices relating to the  
25 collection, use, and retention of personally identifiable information.

26 (f) When any personally identifiable information that has been  
27 collected and retained is no longer required for the purposes set forth  
28 in subdivision (16)(d)(iv) of this section, such information shall no  
29 longer be retained by the member states.

30 (g) When personally identifiable information regarding an individual  
31 is retained by or on behalf of the state, it shall provide reasonable

1 access by such individual to his or her own information in the state's  
2 possession and a right to correct any inaccurately recorded information.

3 (h) If anyone other than a member state, or a person authorized by  
4 that state's law or the agreement, seeks to discover personally  
5 identifiable information, the state from whom the information is sought  
6 should make a reasonable and timely effort to notify the individual of  
7 such request.

8 (i) This privacy policy is subject to enforcement by the Attorney  
9 General.

10 (j) All other laws and regulations regarding the collection, use,  
11 and maintenance of confidential taxpayer information remain fully  
12 applicable and binding. Without limitation, this subsection does not  
13 enlarge or limit the state's authority to:

14 (i) Conduct audits or other reviews as provided under the agreement  
15 and state law;

16 (ii) Provide records pursuant to the federal Freedom of Information  
17 Act, disclosure laws with governmental agencies, or other regulations;

18 (iii) Prevent, consistent with state law, disclosure of confidential  
19 taxpayer information;

20 (iv) Prevent, consistent with federal law, disclosure or misuse of  
21 federal return information obtained under a disclosure agreement with the  
22 Internal Revenue Service; and

23 (v) Collect, disclose, disseminate, or otherwise use anonymous data  
24 for governmental purposes.

25 **Sec. 2.** Original section 77-2711, Revised Statutes Cumulative  
26 Supplement, 2024, is repealed.