

## COUNTY LODGING TAX IN NEBRASKA

- ? A county can collect a lodging tax as a result of the Nebraska Visitors Development Act, which became law in 1980 with some amendments since. A large majority of the counties in the state have adopted a lodging tax. They have done so because: 1) most of the taxes are generally collected from visitors—not residents—of the county, and 2) the tax revenues must be used to attract visitors to the county and/or expand and improve attractions in the county, thereby helping travel and tourism locally.
- ? The tax can be collected at rates up to 4% on the rental of sleeping accommodations at both for-profit and nonprofit hotels, motels, campgrounds, bed & breakfast establishments, and similar lodging facilities. The tax does not apply to room rentals for periods of 30 or more days, nor to the rental of rooms not used for sleeping accommodations (such as conference rooms and dining facilities).
- ? Tax revenues must be deposited in one or both of two funds: 1) a County Visitors Promotion Fund and/or 2) a County Visitors Improvement Fund. For the County Visitors Promotion Fund, a maximum 2% lodging tax can be collected for use in tourism promotion and marketing, but not for construction of attractions or other tourism facilities. For the County Visitors Improvement Fund, a maximum 2% lodging tax can be collected for: 1) making grants for expanding and improving attractions owned by the public or any nonprofit organization (except for attractions where parimutuel wagering is conducted), or 2) tourism promotion and marketing, when the attractions in a county are determined to be adequate and not needing improvement.
- ? A visitors committee of 5 or 7 persons must be formed to oversee the use of tax revenues when a county adopts a lodging tax. For a 5-person committee, at least one but no more than two members should be in the lodging industry. For a 7-person committee, two or three members should be in the lodging industry. The appointees serve without compensation, except for expense reimbursement. Committee members serve for terms of 4 years, except that at least half of those initially appointed serve terms of two years. From among its members, the committee also elects a chairperson and vice-chairperson, who serve 2-year terms in those positions.
- ? Counties may use revenues in the County Visitors Promotion Fund and/or County Visitors Improvement Fund to pay all or parts of the salaries of persons contracted to achieve the objectives of one or both funds, and their expenses in performing those duties. Revenues in both funds can be used for printing brochures, erecting signs, mass media advertising, and other tourism promotion and marketing. Revenues in only the County Visitors Improvement Fund can be used for capital construction, and they must be for expanding and improving existing (not new) attractions that are open to the public and are of educational, cultural, historical, artistic, or recreational significance.
- ? A State 1% lodging tax, also created under the Nebraska Visitors Development Act, is collected to fund the marketing and promotion programs of the Nebraska Travel and Tourism Division. Collections of the State lodging tax as well as county lodging taxes are sent to the Nebraska Department of Revenue. Lodging establishment operators can retain fees for collecting the taxes if they file returns within 25 days of the last calendar month when the taxes were collected. The implementation of, or changes to, a county lodging tax cannot begin until the first day of a calendar quarter (January 1, April 1, July 1, or October 1) and until after at least 120 days have passed following receipt by the Department of Revenue of certified copies of the county resolutions adopting or changing the tax. After implementation, a 3% administrative fee is applied to all county lodging tax collections to cover the costs of processing by the Nebraska Department of Revenue, resulting in the return to the counties of 97% of the amount collected. Typically, an interval of 1.5-2 months occurs from the time a lodging customer pays the tax until when the county receives the resulting revenues.
- ? The State sales tax of 5.5% and municipal sales and occupation taxes, if any, are also collected on rentals of sleeping accommodations at hotels, motels, bed & breakfast establishments, and similar lodging facilities.