

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
SECOND SESSION
LEGISLATIVE BILL 575

FINAL READING

Introduced by Kruse, 13.

Read first time January 17, 2007

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-2704.12, Revised Statutes Cumulative Supplement, 2006;
3 to require nonprofit status for a sales and use tax
4 exemption; to exempt assisted-living facilities from
5 sales and use taxes; to provide an operative date;
6 and to repeal the original section.

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

1 Section 1. Section 77-2704.12, Revised Statutes
2 Cumulative Supplement, 2006, is amended to read:

3 77-2704.12 (1) Sales and use taxes shall not be imposed
4 on the gross receipts from the sale, lease, or rental of and the
5 storage, use, or other consumption in this state of purchases by
6 (a) any nonprofit organization created exclusively for religious
7 purposes, (b) any nonprofit organization providing services
8 exclusively to the blind, (c) any nonprofit private educational
9 institution established under sections 79-1601 to 79-1607, (d) any
10 nonprofit private college or university established under sections
11 85-1101 to 85-1111, (e) any nonprofit (i) hospital, (ii) health
12 clinic when two or more hospitals or the parent corporations of
13 the hospitals own or control the health clinic for the purpose of
14 reducing the cost of health services or when the health clinic
15 receives federal funds through the United States Public Health
16 Service for the purpose of serving populations that are medically
17 underserved, (iii) skilled nursing facility, (iv) intermediate care
18 facility, (v) assisted-living facility, (vi) intermediate care
19 facility for the mentally retarded, (vii) nursing facility, (viii)
20 home health agency, (ix) hospice or hospice service, or (x) respite
21 care service licensed under the Health Care Facility Licensure
22 Act, (f) and ~~organized not for profit,~~ any nonprofit licensed
23 child-caring agency, (g) any nonprofit licensed child placement
24 agency, or (h) any nonprofit organization certified by the
25 Department of Health and Human Services to provide community-based

1 services for persons with developmental disabilities.

2 (2) Any organization listed in subsection (1) of this
3 section shall apply for an exemption on forms provided by the
4 Tax Commissioner. The application shall be approved and a numbered
5 certificate of exemption received by the applicant organization in
6 order to be exempt from the sales and use tax.

7 (3) The appointment of purchasing agents shall be
8 recognized for the purpose of altering the status of the
9 construction contractor as the ultimate consumer of building
10 materials which are physically annexed to the structure and
11 which subsequently belong to the owner of the organization or
12 institution. The appointment of purchasing agents shall be in
13 writing and occur prior to having any building materials annexed
14 to real estate in the construction, improvement, or repair. The
15 contractor who has been appointed as a purchasing agent may apply
16 for a refund of or use as a credit against a future use tax
17 liability the tax paid on inventory items annexed to real estate
18 in the construction, improvement, or repair of a project for a
19 licensed not-for-profit institution.

20 (4) Any organization listed in subsection (1) of this
21 section which enters into a contract of construction, improvement,
22 or repair upon property annexed to real estate without first
23 issuing a purchasing agent authorization to a contractor or
24 repairperson prior to the building materials being annexed to
25 real estate in the project may apply to the Tax Commissioner for

1 a refund of any sales and use tax paid by the contractor or
2 repairperson on the building materials physically annexed to real
3 estate in the construction, improvement, or repair.

4 (5) Any person purchasing, storing, using, or
5 otherwise consuming building materials in the performance of any
6 construction, improvement, or repair by or for any institution
7 enumerated in subsection (1) of this section which is licensed upon
8 completion although not licensed at the time of construction or
9 improvement, which building materials are annexed to real estate
10 and which subsequently belong to the owner of the institution,
11 shall pay any applicable sales or use tax thereon. Upon becoming
12 licensed and receiving a numbered certificate of exemption,
13 the institution organized not for profit shall be entitled to
14 a refund of the amount of taxes so paid in the performance
15 of such construction, improvement, or repair and shall submit
16 whatever evidence is required by the Tax Commissioner sufficient
17 to establish the total sales and use tax paid upon the building
18 materials physically annexed to real estate in the construction,
19 improvement, or repair.

20 Sec. 2. This act becomes operative on October 1, 2008.

21 Sec. 3. Original section 77-2704.12, Revised Statutes
22 Cumulative Supplement, 2006, is repealed.