

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 494**

Introduced by White, 8

Read first time January 17, 2007

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-2701.47 and 77-2704.22, Revised Statutes Cumulative  
3 Supplement, 2006; to change the sales and use tax  
4 exemption on manufacturing machinery and equipment; to  
5 provide an operative date; and to repeal the original  
6 sections.  
7 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 77-2701.47, Revised Statutes  
2 Cumulative Supplement, 2006, is amended to read:

3                   77-2701.47 (1) Manufacturing machinery and equipment  
4 means any machinery or equipment purchased, leased, or rented  
5 by a person engaged in the business of manufacturing for use  
6 in manufacturing, or purchased by a contractor if such machinery  
7 or equipment subsequently belongs to the person engaged in the  
8 business of manufacturing for use in manufacturing, including, but  
9 not limited to:

10                   (a) Machinery or equipment for use in manufacturing to  
11 produce, fabricate, assemble, process, finish, refine, or package  
12 tangible personal property;

13                   (b) Machinery or equipment for use in transporting,  
14 conveying, handling, or storing by the manufacturer the raw  
15 materials or components to be used in manufacturing or the products  
16 produced by the manufacturer;

17                   (c) Molds and dies and the materials necessary to create  
18 molds and dies for use in manufacturing that determine the physical  
19 characteristics of the finished product or its packaging material,  
20 whether or not such molds or dies are permanent or temporary  
21 in nature, and including any chemicals, solutions, or catalysts  
22 utilized in the mold or die process even if such items are consumed  
23 during the course of the mold or die process;

24                   (d) Machinery or equipment for use in manufacturing  
25 to maintain the integrity of the product or to maintain unique

1 environmental conditions required for either the product or the  
2 machinery and equipment used in manufacturing by a manufacturer;

3 (e) Testing equipment for use in manufacturing to measure  
4 the quality of the finished product;

5 (f) Computers, software, and related peripheral equipment  
6 for use in manufacturing to guide, control, operate, or measure the  
7 manufacturing process;

8 (g) Machinery or equipment for use in manufacturing to  
9 produce steam, electricity, or chemical catalysts and solutions  
10 that are essential to the manufacturing process even if such  
11 produced items are consumed during the course of the manufacturing  
12 process or do not become necessary or integral parts of the  
13 finished product; and

14 (h) A repair or replacement part or accessory purchased  
15 for use in maintaining, repairing, or refurbishing machinery and  
16 equipment used in manufacturing.

17 (2) Manufacturing machinery and equipment does not  
18 include: Vehicles required to be registered for operation on the  
19 roads and highways of this state; hand tools; office equipment; and  
20 computers, software, and related peripheral equipment not used in  
21 guiding, controlling, operating, or measuring of the manufacturing  
22 process. Machinery or equipment does not need to come into direct  
23 physical contact with any of the raw materials, components,  
24 or products that are part of the manufacturing process to be  
25 considered manufacturing machinery or equipment.

1           Sec. 2. Section 77-2704.22, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3           77-2704.22 (1) Sales and use taxes shall not be imposed  
4 on the gross receipts from the sale, lease, or rental and on the  
5 storage, use, or other consumption in this state of manufacturing  
6 machinery and equipment.

7           (2) Sales and use taxes shall not be imposed on the gross  
8 receipts from the sale of installation, repair, and maintenance  
9 services performed on or with respect to manufacturing machinery  
10 and equipment.

11           (3) Any person engaged in the business of manufacturing  
12 who enters into a contract with a contractor or repairperson for  
13 annexation, construction, improvement, or repair of manufacturing  
14 machinery and equipment for use in manufacturing may apply to the  
15 Tax Commissioner for a refund of any sales or use tax paid by  
16 the contractor or repairperson on such manufacturing machinery and  
17 equipment.

18           Sec. 3. This act becomes operative on October 1, 2007.

19           Sec. 4. Original sections 77-2701.47 and 77-2704.22,  
20 Revised Statutes Cumulative Supplement, 2006, are repealed.