

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1097

Final Reading

Introduced by Pirsch, 4.

Read first time January 18, 2012

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-2704.12, Revised Statutes Supplement, 2011; to provide
3 a sales and use tax exemption for purchases by nonprofit
4 mental health centers; to provide an operative date; and
5 to repeal the original section.

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

1 Section 1. Section 77-2704.12, Revised Statutes
2 Supplement, 2011, 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 (a)
6 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 regionally or nationally accredited, nonprofit, privately controlled
11 college or university with its primary campus physically located in
12 Nebraska, (e) any nonprofit (i) hospital, (ii) health clinic when two
13 or more hospitals or the parent corporations of the hospitals own or
14 control the health clinic for the purpose of reducing the cost of
15 health services or when the health clinic receives federal funds
16 through the United States Public Health Service for the purpose of
17 serving populations that are medically underserved, (iii) skilled
18 nursing facility, (iv) intermediate care facility, (v) assisted-
19 living facility, (vi) intermediate care facility for the mentally
20 retarded, (vii) nursing facility, (viii) home health agency, (ix)
21 hospice or hospice service, ~~or~~ (x) respite care service, or (xi)
22 mental health center licensed under the Health Care Facility
23 Licensure Act, (f) any nonprofit licensed child-caring agency, (g)
24 any nonprofit licensed child placement agency, or (h) any nonprofit
25 organization certified by the Department of Health and Human Services

1 to provide community-based services for persons with developmental
2 disabilities.

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

8 (3) The appointment of purchasing agents shall be
9 recognized for the purpose of altering the status of the construction
10 contractor as the ultimate consumer of building materials which are
11 physically annexed to the structure and which subsequently belong to
12 the owner of the organization or institution. The appointment of
13 purchasing agents shall be in writing and occur prior to having any
14 building materials annexed to real estate in the construction,
15 improvement, or repair. The contractor who has been appointed as a
16 purchasing agent may apply for a refund of or use as a credit against
17 a future use tax liability the tax paid on inventory items annexed to
18 real estate in the construction, improvement, or repair of a project
19 for a 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, or
22 repair upon property annexed to real estate without first issuing a
23 purchasing agent authorization to a contractor or repairperson prior
24 to the building materials being annexed to real estate in the project
25 may apply to the Tax Commissioner for a refund of any sales and use

1 tax paid by the contractor or repairperson on the building materials
2 physically annexed to real estate in the construction, improvement,
3 or repair.

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

19 Sec. 2. This act becomes operative on October 1, 2012.

20 Sec. 3. Original section 77-2704.12, Revised Statutes
21 Supplement, 2011, is repealed.