

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 40

Introduced by Hadley, 37.

Read first time January 06, 2011

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-2704.12, Reissue Revised Statutes of Nebraska; to
3 change a sales tax exemption for health clinics; to
4 provide an operative date; and to repeal the original
5 section.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2704.12, Reissue Revised Statutes
2 of Nebraska, 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 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~~one 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 Act,
22 (f) any nonprofit licensed child-caring agency, (g) any nonprofit
23 licensed child placement agency, or (h) any nonprofit organization
24 certified by the Department of Health and Human Services to provide
25 community-based services for persons with developmental disabilities.

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

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

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

1 or repair.

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

17 Sec. 2. This act becomes operative on October 1, 2011.

18 Sec. 3. Original section 77-2704.12, Reissue Revised
19 Statutes of Nebraska, is repealed.