

One Hundred Second Legislature - Second Session - 2012

Introducer's Statement of Intent

LB1097

Chairperson: Senator Abbie Cornett

Committee: Revenue

Date of Hearing: February 09, 2012

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The purpose of LB 1097 is to amend section 77-2704.12, Revised Statutes Supplement, 2011; to provide a sales and use tax exemption for purchases by nonprofit mental health centers.

It has been said that within the overall tax policy of Nebraska, it has never been the intent of the Legislature to tax nonprofit healthcare. These nonprofit mental health centers continually face increased costs and lower reimbursement rates from both the state and federal level. The majority of patients receiving care are Medicaid patients, and recently the Department of Revenue has determined that they should be paying sales and use tax on purchases.

It does not make sound tax policy that we would expect these providers to pay sales and use tax and then turn around and pay those taxes as part of a Medicaid reimbursement.

LB 1097 would clarify that it is not the intent of the Nebraska Legislature to tax nonprofit health care.

Principal Introducer: _____

Senator Pete Pirsch