

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 542

Introduced by Harr, 8.

Read first time January 21, 2015

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2704.15, Revised Statutes Cumulative Supplement, 2014; to provide
- 3 a sales tax exemption for purchases by county agricultural
- 4 societies; to 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 77-2704.15, Revised Statutes Cumulative
2 Supplement, 2014, is amended to read:

3 77-2704.15 (1)(a) Sales and use taxes shall not be imposed on the
4 gross receipts from the sale, lease, or rental of and the storage, use,
5 or other consumption in this state of purchases by the state, including
6 public educational institutions recognized or established under the
7 provisions of Chapter 85, or by any county, township, city, village,
8 rural or suburban fire protection district, city airport authority,
9 county airport authority, joint airport authority, drainage district
10 organized under sections 31-401 to 31-450, land bank created under the
11 Nebraska Municipal Land Bank Act, natural resources district, county
12 agricultural society, elected county fair board, housing agency as
13 defined in section 71-1575 except for purchases for any commercial
14 operation that does not exclusively benefit the residents of an
15 affordable housing project, cemetery created under section 12-101, or
16 joint entity or agency formed by any combination of two or more counties,
17 townships, cities, villages, or other exempt governmental units pursuant
18 to the Interlocal Cooperation Act, the Integrated Solid Waste Management
19 Act, or the Joint Public Agency Act, except for purchases for use in the
20 business of furnishing gas, water, electricity, or heat, or by any
21 irrigation or reclamation district, the irrigation division of any public
22 power and irrigation district, or public schools or learning communities
23 established under Chapter 79.

24 (b) For purposes of this subsection, purchases by the state or by a
25 governmental unit listed in subdivision (a) of this subsection include
26 purchases by a nonprofit corporation under a lease-purchase agreement,
27 financing lease, or other instrument which provides for transfer of title
28 to the property to the state or governmental unit upon payment of all
29 amounts due thereunder. If a nonprofit corporation will be making
30 purchases under a lease-purchase agreement, financing lease, or other
31 instrument as part of a project with a total estimated cost that exceeds

1 the threshold amount, then such purchases shall qualify for an exemption
2 under this section only if the question of proceeding with such project
3 has been submitted at a primary, general, or special election held within
4 the governmental unit that will be a party to the lease-purchase
5 agreement, financing lease, or other instrument and has been approved by
6 the voters of such governmental unit. For purposes of this subdivision,
7 (i) project means the acquisition of real property or the construction of
8 a public building and (ii) threshold amount means the greater of fifty
9 thousand dollars or six-tenths of one percent of the total actual value
10 of real and personal property of the governmental unit that will be a
11 party to the lease-purchase agreement, financing lease, or other
12 instrument as of the end of the governmental unit's prior fiscal year.

13 (2) The appointment of purchasing agents shall be recognized for the
14 purpose of altering the status of the construction contractor as the
15 ultimate consumer of building materials which are physically annexed to
16 the structure and which subsequently belong to the state or the
17 governmental unit. The appointment of purchasing agents shall be in
18 writing and occur prior to having any building materials annexed to real
19 estate in the construction, improvement, or repair. The contractor who
20 has been appointed as a purchasing agent may apply for a refund of or use
21 as a credit against a future use tax liability the tax paid on inventory
22 items annexed to real estate in the construction, improvement, or repair
23 of a project for the state or a governmental unit.

24 (3) Any governmental unit listed in subsection (1) of this section,
25 except the state, which enters into a contract of construction,
26 improvement, or repair upon property annexed to real estate without first
27 issuing a purchasing agent authorization to a contractor or repairperson
28 prior to the building materials being annexed to real estate in the
29 project may apply to the Tax Commissioner for a refund of any sales and
30 use tax paid by the contractor or repairperson on the building materials
31 physically annexed to real estate in the construction, improvement, or

1 repair.

2 Sec. 2. This act becomes operative on October 1, 2015.

3 Sec. 3. Original section 77-2704.15, Revised Statutes Cumulative
4 Supplement, 2014, is repealed.