

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 502**

Introduced by Hadley, 37.

Read first time January 23, 2013

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section  
2 77-2704.12, Revised Statutes Cumulative Supplement, 2012;  
3 to 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, Revised Statutes  
2 Cumulative Supplement, 2012, 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 ~~one~~  
13 two or more hospitals or the parent corporations of the hospitals own  
14 or 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, (x) respite care service, or (xi) mental  
22 health center licensed under the Health Care Facility Licensure Act,  
23 (f) any nonprofit licensed child-caring agency, (g) any nonprofit  
24 licensed child placement agency, or (h) any nonprofit organization  
25 certified by the Department of Health and Human Services to provide

1 community-based services for persons with developmental disabilities.

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

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

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

1 physically annexed to real estate in the construction, improvement,  
2 or repair.

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

18 Sec. 2. This act becomes operative on October 1, 2013.

19 Sec. 3. Original section 77-2704.12, Revised Statutes  
20 Cumulative Supplement, 2012, is repealed.