

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 420

Introduced by Hadley, 37.

Read first time January 20, 2009

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-2704.12, Revised Statutes Cumulative Supplement, 2008;
3 to change a sales tax exemption for health clinics;
4 to provide a sales tax exemption for health care
5 practitioner facilities; to provide an operative date;
6 and to repeal the original section.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2704.12, Revised Statutes
2 Cumulative Supplement, 2008, 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
6 (a) 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)
10 any nonprofit private college or university established under
11 sections 85-1101 to 85-1111, (e) any nonprofit (i) hospital, (ii)
12 health clinic or health care practitioner facility when ~~two~~ one
13 or more nonprofit hospitals or the parent corporations of the
14 nonprofit hospitals own or control the health clinic or health
15 care practitioner facility for the purpose of reducing the cost
16 of health services or when the health clinic or health care
17 practitioner facility receives federal funds through the United
18 States Public Health Service for the purpose of serving populations
19 that are medically underserved, (iii) skilled nursing facility,
20 (iv) intermediate care facility, (v) assisted-living facility, (vi)
21 intermediate care facility for the mentally retarded, (vii) nursing
22 facility, (viii) home health agency, (ix) hospice or hospice
23 service, or (x) respite care service licensed under the Health Care
24 Facility Licensure Act, (f) any nonprofit licensed child-caring
25 agency, (g) any nonprofit licensed child placement agency, or (h)

1 any nonprofit organization certified by the Department of Health
2 and Human Services to provide community-based services for persons
3 with developmental disabilities.

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

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

22 (4) Any organization listed in subsection (1) of this
23 section which enters into a contract of construction, improvement,
24 or repair upon property annexed to real estate without first
25 issuing a purchasing agent authorization to a contractor or

1 repairperson prior to the building materials being annexed to
2 real estate in the project may apply to the Tax Commissioner for
3 a refund of any sales and use tax paid by the contractor or
4 repairperson on the building materials physically annexed to real
5 estate in the construction, improvement, or repair.

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

22 Sec. 2. This act becomes operative on October 1, 2009.

23 Sec. 3. Original section 77-2704.12, Revised Statutes
24 Cumulative Supplement, 2008, is repealed.