

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 496

Introduced by Linehan, 39.

Read first time January 17, 2023

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2701 and 77-2701.04, Revised Statutes Cumulative Supplement,
- 3 2022; to provide a sales and use tax exemption for business inputs;
- 4 to define a term; to harmonize provisions; to provide an operative
- 5 date; and to repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2701, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,
4 77-27,236, and 77-27,238 to 77-27,240 and section 3 of this act shall be
5 known and may be cited as the Nebraska Revenue Act of 1967.

6 Sec. 2. Section 77-2701.04, Revised Statutes Cumulative Supplement,
7 2022, is amended to read:

8 77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and
9 77-27,239 and section 3 of this act, unless the context otherwise
10 requires, the definitions found in sections 77-2701.05 to 77-2701.55
11 shall be used.

12 Sec. 3. (1) Sales and use taxes shall not be imposed on the gross
13 receipts from the sale, lease, or rental of and the storage, use, or
14 other consumption in this state of business inputs.

15 (2) For purposes of this section, business input means a product or
16 service that:

17 (a) Is purchased by a business entity from a retailer; and

18 (b) Is used by the business entity, in the regular course of its
19 business, in a way that is directly related to the production of a
20 product or the provision of a service.

21 (3) A product or service shall not be considered a business input
22 under this section unless:

23 (a) The business entity passes on the cost of such product or
24 service to the entity's customers; and

25 (b) The business entity's customers can reasonably be considered as
26 the ultimate consumers of such product or service.

27 Sec. 4. This act becomes operative on October 1, 2023.

28 Sec. 5. Original sections 77-2701 and 77-2701.04, Revised Statutes
29 Cumulative Supplement, 2022, are repealed.