

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 901

Introduced by Linehan, 39.

Read first time January 04, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2704.12, Revised Statutes Supplement, 2023; to provide a sales
- 3 and use tax exemption for purchases by certain nonprofit
- 4 organizations as prescribed; to provide an operative date; and to
- 5 repeal the original section.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2704.12, Revised Statutes Supplement, 2023, is
2 amended to read:

3 77-2704.12 (1) Sales and use taxes shall not be imposed on the gross
4 receipts from the sale, lease, or rental of and the storage, use, or
5 other consumption in this state of purchases by (a) any nonprofit
6 organization created exclusively for religious purposes, (b) any
7 nonprofit organization providing services exclusively to the blind, (c)
8 any nonprofit private educational institution established under sections
9 79-1601 to 79-1607, (d) any accredited, nonprofit, privately controlled
10 college or university with its primary campus physically located in
11 Nebraska, (e) any nonprofit (i) hospital, (ii) health clinic when one or
12 more hospitals or the parent corporations of the hospitals own or control
13 the health clinic for the purpose of reducing the cost of health services
14 or when the health clinic receives federal funds through the United
15 States Public Health Service for the purpose of serving populations that
16 are medically underserved, (iii) skilled nursing facility, (iv)
17 intermediate care facility, (v) assisted-living facility, (vi)
18 intermediate care facility for persons with developmental disabilities,
19 (vii) nursing facility, (viii) home health agency, (ix) hospice or
20 hospice service, (x) respite care service, (xi) mental health substance
21 use treatment center licensed under the Health Care Facility Licensure
22 Act, or (xii) center for independent living as defined in 29 U.S.C. 796a,
23 (f) any nonprofit licensed residential child-caring agency, (g) any
24 nonprofit licensed child-placing agency, (h) any nonprofit organization
25 certified by the Department of Health and Human Services to provide
26 community-based services for persons with developmental disabilities, ~~or~~
27 (i) any nonprofit organization certified or contracted by a regional
28 behavioral health authority or the Division of Behavioral Health of the
29 Department of Health and Human Services to provide community-based mental
30 health or substance use services, or (j) until the property is
31 transferred or the contract is completed, any nonprofit organization that

1 (i) acquires property that will be transferred to an organization listed
2 in subdivisions (a) through (i) of this subsection or (ii) enters into a
3 contract of construction, improvement, or repair upon property annexed to
4 real estate if the property will be transferred to an organization listed
5 in subdivisions (a) through (i) of this subsection.

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

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

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

30 (5) Any person purchasing, storing, using, or otherwise consuming
31 building materials in the performance of any construction, improvement,

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

13 Sec. 2. This act becomes operative on October 1, 2024.

14 Sec. 3. Original section 77-2704.12, Revised Statutes Supplement,
15 2023, is repealed.