



Hundredth Legislature - Second Session - 2008
Introducer's Statement of Intent
LB 949

Chairperson: Ray Janssen
Committee: Revenue
Date of Hearing: January 25, 2008

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 949 would exempt non-profit licensed health clinics owned by non-profit hospitals from paying sales tax on their purchases.

As of December 2007, there were 122 Medicare "Certified Rural Health Clinics" in Nebraska. Of those: 46 are owned by non-profit hospitals and 43 are controlled by political subdivisions such as counties, cities, or hospital districts. The remaining 33 are "free standing" clinics. The 43 that are publicly controlled are already exempt from paying sales tax because of the governmental subdivisions exemption. The intent of this bill is to make those 46 owned by non-profit hospitals exempt from paying sales tax.

Under present statute, these clinics are exempt only if they are owned by "two" or more hospitals. The requirement of ownership by two or more hospitals was created in the 1980's when Nebraska had "Certificate of Need" statutes; statutes that have since been repealed. Very few of these clinics, if any, are owned by two or more hospitals. The 46 clinics owned by non-profit hospitals are licensed under their respective hospital's license. As a matter of consistency, it would appear that a non-profit licensed health clinic should be tax exempt just as is the case for the non-profit licensed hospital that owns it.

The mission of these non-profit health clinics is to provide more access to care in Nebraska's more sparsely populated areas at lower prices. To require them to be owned by two or more hospitals in order to be tax exempt is contrary to that mission and problematic in most situations.

Principal Introducer: _____
Senator Mark Christensen